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LATIN AMERICA REPORT

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CUBAN-SOVIET ACTIVITIES IN CENTRAL AMERICA, CARIBBEAN DISCUSSED

Guatemala City PRENSA LIBRE in Spanish 19, 22 Apr 80

[Article by Baltasar Morales de la Cruz: "Havana-Moscow Axis"]

[19 Apr 80, p 10]

[Text] This is the first part of a sensational article that reveals how a new axis of political and military power has been formed today, imitating Hitler's strategy before World War II. This axis has the same intentions as the others--to spread the domination of one power to all parts of the globe.

We are talking about the Havana-Moscow axis put into action more than a decade ago. It has helped the communist superpower not only in the expansion of its doctrinaire influence in the world but also--and principally--in the creation and establishment of military bases at the cost of the sovereignty and other inherent rights of weak or unprotected nations.

This article refers to actions by this new communist axis in different parts of the world. We particularly want to emphasize to the reader the expansionist strategy applied on our continent, especially in Central America and the Caribbean.

Recent events in central Asia demonstrate that the Soviet Union has not abandoned interventionism as an instrument of foreign policy. Although the invasion of Afghanistan represents the first movement of Soviet troops outside the traditional area of its Eastern European satellites, it follows the pattern of interference that Moscow has used for years. A key element in that pattern has been the use of Cuba, whether as a slave to the interests of the USSR or as a junior partner in joint foreign adventures.

The Cuban-Soviet axis continues to promote trouble in Latin America and the Caribbean. During the 60's, Cuba provoked trouble in that region with a poorly planned, almost romantic campaign to export the Castro revolution. It is generally agreed that those adventures did not have Soviet approval. The Kremlin was displeased by Castro's tendency to pass over established

communist parties and supply financial aid, in weapons and training, to extreme leftist guerrillas who were too erratic and unorthodox to merit confidence for the application of Soviet foreign policy. The unilateral Cuban undertakings to overthrow Latin American governments ended after a series of failures in the latter part of the 1960's which coincided with profound problems in the Cuban economy. Since then, Havana--driven by economic and ideological pressures--has obeyed Moscow's orders concerning Latin America and the Caribbean. The new Cuban-Soviet axis is turning out to be more upsetting to the region than the disturbances of the 1960's.

The danger of Cuban-Soviet subversion is greatest in Central America. Nicaragua is well advanced on the road to becoming a satellite of the socialist bloc. In spite of the fact that the revolution that overthrew the Somoza regime last July had the support of diverse sectors in Nicaraguan society, the revolutionary government that has been established in Managua has been gradually smothering all vestiges of political pluralism. Operation of the independent press becomes more difficult, the social democrats are victims of harassment, the extraordinary revolutionary courts are passing swift judgment on all who are denounced as "counterrevolutionaries" and little by little all the political forces not controlled by the FSLN [Sandinist National Liberation Front] are being purged. Cuba directly participates in those things. Havana has financed the FSLN since the beginning of the 60's but, following the new policy dictated by Moscow, has kept its aid low until the Sandinists demonstrate their ability to take complete control of the government. Cuba has been the dominant influence in Nicaragua since the coup d'etat in July. The new revolutionary government has already demonstrated its loyalty to its Cuban chiefs by unconditionally endorsing Soviet actions at the MNLC [Movement of Nonaligned Countries] conference held last September.

Not content with its triumph in Nicaragua, Havana continues to support subversive elements in Guatemala, Honduras and El Salvador. At the beginning of last year, Cuba urged the EGP [Guatemalan Army of the Poor] and the FAR [Revolutionary Armed Forces] to end their rivalry and coordinate their campaign against the government with the Communist Party of Guatemala. The reward for forming this alliance was more Cuban aid. Havana manipulated a similar merger of Salvadoran guerrillas at the end of 1979 which evidently met with success because, in the middle of January, several rival armed groups announced the formation of a revolutionary front--which included the Communist Party of El Salvador. Fifty members of the People's Liberation Forces which is the second largest guerrilla group in El Salvador received training last year in Cuba. It is believed that they actively participated in the recent resurgence of political violence in that country.

The situation in Honduras has not yet degenerated to the levels of instability seen in Guatemala and El Salvador. However, Cuba has left the door open for Honduran subversive elements in order to exploit any weakening of the present government in Tegucigalpa. Meanwhile, 200 members of the Communist Party of Honduras and the Movement of Popular Unity which is a guerrilla organization have been receiving military training in Cuba.

[22 Apr 80, p 10]

[Text] This is the final part of the article about the formation of the Cuban-Soviet axis concerning expansionist interventions on this continent. This has already been translated into direct intervention as in the Caribbean where there are already Soviet satellites, into actions of destabilization in Central American countries which have not yet fallen, into subversive agitation as happens very intensely in El Salvador and into bold penetration in other countries like Guatemala and Honduras.

Many Cuban and Soviet advisers have been stationed in the island states of the Caribbean. Havana keeps about 50 soldiers in Grenada, an island governed by the increasingly despotic Marxist regime of Maurice Bishop, former leader of the New Jewel Movement, supported by Cuba which took over the government last March. Bishop has already received \$5 million in Cuban arms. Some recent reports indicate that Havana has established a secret military training base in the mountains of Grenada.

The Cubans also have training programs for military and security personnel in Jamaica and Guyana. The USSR and Cuba maintain cordial relations with the governments of both countries but also endorse the Marxist opposition parties in those countries. Cuban-Soviet influence in Jamaica provoked a general controversy last summer when the opposition Labor Party stated that intelligence agents from the Cuban DGI [General Directorate of Intelligence] and the Soviet KGB had direct access to cabinet meetings in Kingston and to secret government documents.

Even the relatively stable Latin American countries that have firmly established democratic governments are vulnerable to the Cuban-Soviet buffets. For example, some months ago Costa Rica discovered that Soviet agents had helped instigate a violent labor dispute in Puerto Limon. It demanded that two Soviet diplomats leave the country. In January, the Costa Rican press reported that the government is considering expelling several Cuban diplomats who, it is understood, are the secret perpetrators of a national strike movement. Colombia also continues to be the victim of violence from the FARC [Revolutionary Armed Forces of Colombia], an organization controlled by the Soviet Union and supported by Cuba.

Africa continues to be the focal point of Cuban-Soviet intervention. About 23,000 Cuban soldiers remain in Angola where they fight against two native liberation movements that were formed to win independence from Portugal. It is said that Havana and Moscow are very unhappy with the inability of the present Marxist Angolan Government to end the civil war. Consequently, it is suspected that there was a criminal hand in the death of President Agostinho Neto last fall in Moscow. Last November, the leaders of the Popular Movement for the Liberation of Angola, which is the government party, established a committee to investigate the circumstances of Neto's death.

About 15,000 Cuban soldiers and 4,000 Soviet military advisers remain in Ethiopia fighting Eritreans and Somali separatists. The most violent

actions have occurred in the Ogaden desert against members of the Western Somali Liberation Front. In November, reports circulated that the Cubans and Ethiopians had carried out bombing raids on the other side of the Somali border. Although the soldiers have suffered greater casualties in the fight to establish the government of Mengistu Haile Mariam, the USSR has had considerable casualties too. In November, Eritrean rebel sources stated that two Soviet generals had been killed near Asmara, but Moscow remains determined to maintain its strategic beachhead in the so-called African Horn. The Kremlin recently strengthened its position on the Ethiopian coast by establishing a spy post on the island of Dahlak in order to keep naval operations in the Red Sea under observation.

Meanwhile, the USSR is strengthening its position on the other side of the Red Sea and the Gulf of Aden--also with Cuban aid. Some 1,000 Soviet and East German advisers in addition to 2,000 Cuban soldiers are detached in the People's Democratic Republic of Yemen. On 25 October, Moscow and the Marxist government in Aden signed a friendship pact that consolidates Soviet military influence in the southwestern tip of the Arabian Peninsula which is rich in oil. This pact is similar to the Soviet-Afghan pact that was used as a pretext for the invasion of Afghanistan last month by 100,000 Soviet soldiers. The USSR is also showing great interest in Aden's neighbor, the government of the Yemen Arab Republic in San'a. Last fall the Kremlin began to strengthen its ties with San'a by discreetly sending it new fighter planes, modern tanks and other highly advanced weapons.

The occupation of Afghanistan by the Red Army to which the Afghan people are bitterly opposed has naturally provoked international censure. The reports of Soviet raids against guerrilla bases near the border with Pakistan have increased world concern about the possibility of penetration in Pakistan which is the temporary home of about 600,000 Afghan refugees. While Moscow is deciding whether to send its troops across the Pakistani border to pursue the Afghan rebels, Soviet leaders are already putting into practice a much more subtle aggression against the government in Islamabad. For some time the Soviets have been giving financial aid to the Baluchistan separatists in Pakistan as well as Iran. The Baluchis in both countries inhabit the coveted warm water ports. Recently the Soviets began to increase their contacts with the Baluchis and it is said that Cuban military personnel is training the separatists.

Cuba was one of the few countries outside the Soviet Eastern European orbit to defend the invasion of Afghanistan. On 14 January, the UN General Assembly voted censure of the Soviet action; Cuba was one of the nine Third World countries that supported Moscow.

That endorsement is only the most recent example of the services that Havana provides to Moscow month after month. A year ago Cuba was one of the few countries that gave its support to another invasion--the Vietnamese invasion of Phnom Penh--supported by the Soviets.

Since 1973, Cuba has promoted Moscow's cause in the MNMC with the argument that the USSR is the "natural ally" of the Third World.

DOMINICAN COMMUNIST LEADER VIEWS LATIN AMERICAN SOCIALISM

Santo Domingo EL CARIBE in Spanish 1 Apr 80 pp 1, 8

[Text] The PCD (Dominican Communist Party) stated yesterday that some of the parties in Latin America which are affiliated with the Socialist International are "miniscule" groups which had to link up with organizations lacking "identification" with the social democratic ideology.

In a written statement sent to this newspaper, the PCD refers to the affirmation by Dr Jose Francisco Pena Gomez to the effect that the Latin American communist parties "continue to be miniscule organizations."

"If some communist parties are miniscule, then a part of the Latin American organizations, sponsored by the Socialist International is also miniscule," says the PCD.

Pena Gomez, who is the secretary-general of the PRD (Dominican Revolutionary Party) and Latin American chairman of the Socialist International, said that the solutions presented by the communists "are not the most viable" for the continent's social and political development.

The PCD maintained that the Socialist International--which it defined as a tendency with "little tradition on the subcontinent"--"had to resort to linking up, topside, with populist and national reformist parties."

"The case of the PRD itself casts light on the subject of a party which is formally with the Socialist International among whose rank and file the communist Fidel Castro has more sympathy than the social democrats Willy Brandt and Mario Soares," says the PCD.

It adds that, in the country, "everything seems to indicate that a phase of progressive growth is now starting with respect to the influence of the PCD, a phase of increasing sympathy and support from popular sectors for the ideas and solutions" proposed by the communists.

On the other hand, the PCD maintains that "while dogmatism and the lack of revolutionary vigor turned certain communist parties into some kind of

'lodges,' the commitment to the ruling class has turned Peru's APRU [American Revolutionary Popular Alliance] into an instrument of the oligarchy."

The PCD document, signed by Narciso Iba Conde, secretary-general of the political organization, points out that this situation has turned the Democratic Action Party of Venezuela into an organization of the country's bourgeoisie, it has turned the Nationalist Revolutionary Movement of Paz Estenssoro into a party of the Bolivian right wing, and it has made the PRD a political option of the dependent capitalist system for which it governs here."

The statement warns that all of these parties mentioned here "say they are social democratic" or "socialist-democratic."

It notes that, on the other hand, "in Latin America and in the Caribbean, the Marxist-Leninist ideas have influence and carry far beyond the recognized communist parties; consequently, there are other organizations which are trying very hard to place themselves in the vanguard of revolutionary changes and in some cases they have done so successfully."

As an example of successful revolutionary change in Latin America, the PCD document points to the Cuban regime and the administration of the late Salvador Allende in Chile.

But it notes that "world history does not include a revolution or a country which has abolished the capitalist structures or initiated the construction of socialism under the direction of a social-democratic or socialist-democratic party."

It explains that, in the communist parties, "we do not criticize the social democrats for their support of one way or another to make the revolution, but for their inability to carry it through, given their commitments to the forces of capital."

"Neither through elections, nor through armed methods, has social democracy been able to bring about the replacement of capitalism and the institution of socialism," the PCD added. It furthermore noted that "consequently, nobody who takes himself seriously can say that the social democrats have carried out a revolution in this or that country of Latin America or the Caribbean."

It maintains that "the times when the social democratic parties or parties related to the IS (Socialist International) governed on this continent, they did so in the service of capitalism."

It points out that Venezuela, Costa Rica, Bolivia, Mexico, and the Dominican Republic "are clear examples of that behavior."

On the other hand, the PCD document states that it is "absolutely untrue that the Conference of Communist Parties of Latin America and the Caribbean, meeting in Havana in 1975 (not in 1976, as Pena Gomez says) renounced revolutionary violence but rather, on the contrary, approved the Leninist concept of respect for the methods of struggle."

The PCD statement includes a section on the resolutions of the communist conference in Havana pointing out that "the revolutionary struggle in Latin America emerges as a difficult and complex battle in which all forces, which oppose United States imperialism, have their place and where the most diverse forms and method of struggle must be used by the revolutionary movement."

It adds that the use of those methods must be "properly adapted to the specific place and the moment of its employment in keeping with the diversity of conditions prevailing in each country."

It remarks that "the utilization of all legal possibilities is an indispensable obligation of the imperialist forces [as published] and the defense of the right of the peoples to decide, through democratic ways, as to the changes that are demanded, is a permanent principle in our struggle."

It indicates that "the revolutionaries are not the first to call for violence; but it is the right and duty of all popular and revolutionary forces to be ready to respond to counterrevolutionary violence with revolutionary violence and to open the way, through the most diverse methods, including armed action, toward popular action and the sovereign decision of the majorities."

On the other hand, the PCD asks itself the following question in the document: if we communists are so insignificant and tiny a force, as pictured by Dr Pena Gomez, why did the PRD leader and the other social democratic leaders devote a press conference to us? Why are they so worried about us?

It adds that "history teaches us that many revolutionary parties, which were more or less small or medium-sized parties for years, managed to overcome this phase and become very influential forces in certain situations or periods of time."

It notes that "there are days, weeks, or months which, in terms of revolutionary advance, are equivalent to years of systematic effort."

It points out that "12 years of Balaguer reformism, followed by the inability of the PRD to make good on the promises which it had come out with while in the opposition and to satisfy the hopes which its coming to power triggered, only strengthen the option we represent."

"That explains why the social democrats are worried. That explains attacks which, quite obviously, are inconsistent," the statement points out.

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ARTICLE HAILS ANDEAN PACT VISION, VITALITY

Havana PRISMA LATINOAMERICANO in Spanish Mar 80 pp 34-38

[Article by PRISMA LATINOAMERICANO special correspondents in South America]

[Text] For the first time in its 10-year history, the Andean Pact has become a true political bloc in its actions and positions regarding the burning international issues of the day.

The ratification of the Panama Canal Treaty, the overthrow of the Somoza regime in Nicaragua and the Sixth Summit of Nonaligned Countries were major events in which Bolivia, Ecuador, Colombia, Peru and Venezuela began to act in concert.

Due to these actions' impact and far-reaching implications, they have aroused the interest of statesmen and politicians, as well as public opinion.

Given this circumstance, PRISMA offers its readers a detailed evaluation of that process and its potential, also taking economic aspects into consideration.

For this study PRISMA polled its correspondents and special envoys in Venezuela, Peru, Colombia, Argentina, Ecuador and Bolivia.

New Political Pact

After a slow and unstable process of economic integration, spurred on by the presence of the transnational corporations, the Andean Pact has broken out of its isolation and has begun to take concerted political actions involving all its member states.

Through concrete achievements in terms of internal cohesion, as well as in international affairs, it has managed to become a bloc capable of playing an influential role in the region.

Bolivian Foreign Minister Julio Garret Ayllon said, along these lines, that the Andean Group is going beyond the strictly economic sphere and moving into a real political integration that signifies a positive step forward.

One of its most remarkable actions as a political bloc was crowned with success when the United States' efforts to manipulate the OAS into intervening in Nicaragua were thwarted.

Well-known political leaders, among them Cuban President Fidel Castro, recognized that the Andean nations constituted a democratic front along with Panama, Jamaica and Costa Rica in opposing American interventionist plans in Nicaragua. On that occasion, the United States for the first time ever found itself isolated from the Latin American nations of the OAS.

The Andean Presidents' Summit Conference, held in Cartagena, Colombia, last May, oriented this joint action toward the serious situation in Nicaragua. It also established guidelines for the institutionalization of these countries' actions as a bloc, taking advantage of favorable changes in the institutions of Bolivia and Ecuador.

The "Political Mandate of Cartagena," signed on that occasion, contained an agreement to defend the sovereign right of these countries to their natural resources, to support Bolivia in its demand for access to the sea, and to create an Andean Tribunal of Justice with the powers to settle disputes.

Before the summit, the subregional group supported Panama in its demand for a new canal treaty with the United States. In the economic sphere, it adopted a common position during the Fifth UNCTAD Conference in Manila, Philippines.

Given these experiences, the Cartagena Summit proposed the development of a formal common policy by the Group, and established the guidelines for the creation of a Consultative Council of Foreign Ministers, which was formed in Lima, Peru, last October.

At that time Bolivia did not participate, because the other Andean nations refused to recognize the bloody and short-lived coup by Col Alberto Natusch. In doing so, they effectively took a collective step toward defending the institutionalization of the subregion.

Later Bolivia joined the Council, whose tasks include governing relations between the subregion and the United States, Brazil, and European Economic Community and other countries; and also preparing a common plan for reorganizing the paralyzed Latin American Free Trade Association (LAFTA).

The Andean nations also sponsored the founding of the Andean Parliament, which was formed last December at its Bogota headquarters.

Potential and Achievements

The Andean subregional pact covers an area of nearly 5 million square kilometers with a population of some 80 million. It is made up of countries which lead the region in the production of oil, tin, coffee and other commodities.

Its trade within the subregion reached a total of \$1.2 billion in 1978, compared with a little more than \$100 million when it was established 10 years ago. Its foreign trade has reached \$32 billion, which places it in a leading position in Latin America.

With a gross domestic product of \$100 billion, the members of the Pact share their Andean character, the same language, a large Indian population, similar structures and dependencies, and common traditions and histories of independence.

The Andean nations differ in some specific problems, among them a dramatic imbalance in their per capita income: while Venezuela has vast wealth within an underdeveloped economic structure, Bolivia has developed considerably less.

It is said that the Pact made certain progress with the creation of its industrial programs (metalworking, petrochemicals and automobiles), and especially with the establishment of an incipient but broad market, and a financial network.

However, the common external tariff, considered to be a key to the development of its expanded market, has encountered various obstacles which have impeded its implementation as planned.

On the other hand, there have been advances in terms of institutions, and in cooperation agreements concerning education, labor and health. There is a strong possibility that Panama may join the organization, having signed the Andres Bello Covenant, which is an Andean agreement promoting cooperation in education, science and culture.

Genesis of the Agreement

In 1966 the presidents of Colombia, Chile, Venezuela, Peru and Ecuador discussed the idea of joining together within the framework of LAFTA, an association that envisioned the integration of the region on the basis of the development of private enterprise, fundamentally.

Latin America was then undergoing a period of attempts at economic integration, after the failure of import substitutes. That plan met a quick end, leaving the region exposed to major foreign penetration as its industry began importing equipment and technology.

Venezuelan economist Hector Silva Michelena, in his essay entitled "Rangos historicos de la formacion economico-social de America Latina" [Historical Features of Latin American Socioeconomic Development], points out that "the large multinational corporations' incredible technological capacity has already enabled them to penetrate many of our countries and capture the Latin American common market."

At that time, the triumph of the Cuban Revolution in January 1959 and its socialist reforms forced the United States to reassess its economic policy regarding the region.

In that context, Presidents Eduardo Frei of Chile, Raul Leoni of Venezuela and Carlos Lleras of Colombia, along with delegates from the presidents of Peru and Ecuador, signed the Declaration of Bogota which served as a forerunner of Andean integration.

"The purpose that guides us," they declared, "is that of reconquering the image and the significance of the Alliance for Progress as a multilateral program of international cooperation. . . ."

After prolonged deliberations, which wound up in Cartagena, the representatives of Ecuador, Bolivia, Chile, Colombia and Peru signed the Andean Pact in Bogota on 26 May 1969. However, their objectives were much broader than those originally stated.

Later, the agreement was dubbed the "Cartagena Agreement," in honor of the historic Colombian city that was the home base of the negotiations.

This city, which 10 years later was to be the headquarters of the Presidential Summit Conference that led to the recent "Political Mandate of Cartagena," had originally been a tiny Indian village, but after the Spanish conquest it prospered, becoming a thriving city. Now it is known as the tourism center of Colombia.

Venezuela signed the agreement in 1973, while 3 years later Chile broke away from the pact when Augusto Pinochet's Military Junta contradicted the basic objectives of the Pact by opening the floodgates of his country to foreign investment.

Initially the agreement was strictly an economic instrument designed to foment balanced and harmonious development among its member states, to accelerate growth by means of integration, and to create favorable conditions for IAPTA to become a common market. In addition to concerning itself with subregional trade, the Pact was to develop joint industrialization projects.

According to some economists, the Pact is an association of underdeveloped, dependent economies which permits the same interests that have always dominated their individual economies to exert more control by taking advantage of integration.

In this respect, labor representatives of the Andean nations have accused the transnational corporations of trying to manipulate the subregional pact in favor of their own interests.

Furthermore, there is ample evidence which proves that the United States and its transnationals want to destroy or divide that subregional group, having failed to control it.

During the negotiations for the planning of the Andean automotive industry last year, former Venezuelan President Carlos Andres Perez accused the transnationals of impeding the integration process in order to promote their own interests.

Before the fall of the governments of Juan Jose Torres in Bolivia and Salvador Allende in Chile, both countries, as well as Peru, undertook the first joint political actions to force the group to take progressive, common positions at the United Nations.

Later, however, the Pact was weakened by the maneuvering of the United States and the most reactionary forces of those countries. The fascist Junta in Chile promulgated a new investment law in June 1974 which granted unlimited possibilities of profits to foreign capital, thereby violating Decision 24 which regulates excessive profits by transnationals.

Although the Andean nations overcame the impasse created by the manipulations and later the exodus of Chile, the above-mentioned decision was nonetheless seriously debilitated, giving the transnationals greater power to manipulate.

The Power of Oil

Venezuela has recently played a vital role in the Andean Subregional Pact, particularly in the political arena when the people of Nicaragua were waging decisive battles against the Somoza dictatorship.

The fact that it is the leading producer of petroleum in Latin America, and is among the five largest exporters in the world of that strategic product, allows the home of the Liberator Simon Bolivar to play such a pivotal role.

This country's Orinoco Oil Belt provides it with recoverable reserves estimated at 70 billion barrels. Strategists at the Pentagon consider it to be one of the United States' most stable and available sources of energy.

Venezuela is also a major producer of iron and aluminum and has a vast treasure of other mineral resources. In addition, it has powerful potential hydroelectric resources.

Because of the considerable income it has received as a result of the increase in oil prices, Venezuela has moved into a key position in terms of financial assistance to the region. It now carries more weight in international financial organizations.

Venezuelan President Luis Herrera Campins, upon taking office in March 1979, promised to work for the strengthening of the Andean Pact.

In late May 1979, that promise took on real significance when the Cartagena Summit created a new category in regional foreign policy: "Andean diplomacy." Venezuela's role in that event was critical.

Caracas hosted numerous meetings and foreign minister consultations in the subregion. Venezuela moved quickly during the Nicaraguan crisis, and also helped isolate the military regime of Col Carlos Humberto Romero of El Salvador.

Moreover, Venezuela exerted a special influence on the meetings of the five Andean leaders in Quito and Panama.

Colombia was the headquarters of the Andean Subregional Integration Pact, and also hosted the Presidential Summit of Cartagena 10 years later. The latter resulted in the "Political Mandate," which marked a step forward for that group.

That agreement defined a principle of political coordination as the basis of the integration efforts of the subregion and postulated the idea that the Andean integration model is an interpretation of the historic currents that are providing the momentum of Latin American and Third World development. Latin America and the so-called Third World are considered to have common interests.

The pact supported the presence of constitutional governments in the area and advocated a new international economic order.

Colombian Foreign Minister Diego Uribe indicated that the Andean nations participated at the Nonaligned Countries Summit in Havana as a political unit, backing the just aspirations of that movement.

Colombian political sources claimed that, contrary to those assessments of Colombia's current foreign policy, that country, at the insistence of the United States, opposed the election of Cuba to a seat on the United Nations Security Council while the Cubans are heading the Nonaligned Countries Movement during this 3-year period.

Political analysts stated that these inconsistencies in Colombian foreign policy are due to what they call a rightist trend that is taking place in the country in the heat of the "security statute," the state of siege and the growing influence of the military in government decision making.

The Colombian capital was also chosen as the headquarters of the Andean Parliament, which will promote the political and legislative integration of the countries of the Cartagena Agreement.

Colombian President Julio Cesar Turbay was entrusted with the task of strengthening contacts between the Andean pact nations and the European Economic Community.

Pact Headquarters

The main headquarters of the Andean Pact is in Lima, Peru. That city has also hosted major gatherings of the subregional group's members.

Peruvian President Gen Francisco Morales Bermudes spoke on behalf of the Andean Group at the Sixth Summit of Nonaligned Countries in Havana last September.

Morales Bermudes lauded the presence of the Andean foreign ministers and the Bolivian foreign minister (whose country was accepted as a new member). He also reiterated the countries' demand for efforts to achieve a new international economic order.

"The Andean Pact," he said, "has already proven its cooperative and dynamic character in areas that go far beyond the economic sphere. It has taken joint political stands of proven effectiveness that have taken the path of reform."

Peru also played a decisive role in the first concerted actions of the Andean Group at the United Nations and other organizations in 1970.

It was in the Peruvian capital that the Foreign Minister Consultative Council was formed in October 1979.

This Council will orient the political activities of the Group and will provide guidelines for talks between the member states and the United States, the European Economic Community, Brazil and other countries and regions.

The Council is to draw up a plan sponsored by the Andean nations to reorganize the anachronistic LAFTA and to promote the development of the Latin American Economic System (SELA) in the interest of regional unity.

It will also set up a mechanism for coordinating the actions of the various agencies of the Pact.

Poor Relations

The fact that Bolivia has gotten very little out of the Andean integration agreement indicates that this country is a sort of "poor relation" because of its status as a less developed nation.

A system of special treatment envisions special measures to alleviate this situation, but in most cases they have been on paper only.

On repeated occasions, Bolivian authorities have demanded the implementation of these measures, especially with regard to financing highway projects, given that this country is an indispensable link for the physical integration and communication of South America.

In addition to this deficiency, political and structural factors have prevented Bolivia from being incorporated into the agreement. Moreover, experts on the Pact's Board of Directors have pointed out that it has been difficult to find Bolivian entrepreneurs interested in investing in the industries assigned to Bolivia.

These same entrepreneurial sectors have criticised Bolivia's participation in subregional integration, as they prefer easy profits instead of the risks of development.

Not only was there little political commitment on the part of recent Bolivian governments, there has also been a lack of political commitment on the part of the other countries in terms of opening up their markets to Bolivia.

Because Bolivia is land-locked, its natural markets are Chile and Peru. However, Chile left the association and Peru underwent a severe economic crisis which limited its ability to import goods, thereby limiting Bolivian exports to Peru.

Nonetheless, after the new process of institutionalization in that country, in part the result of pressure by the Andean bloc, Bolivia has received regional backing in recent months.

These countries refused to recognize the unsuccessful Natusch coup last November, and Venezuela immediately granted a \$4 million loan to the constitutional government of President Lidia Gueiler.

Furthermore, at the Cartagena Summit and other meetings of Andean foreign ministers, the latter have expressed support for Bolivia in its quest for a corridor to the sea, which it lost a century ago during the War of the Pacific.

Ecuador, like Bolivia, is included in a special system by the Cartagena Agreement in order to gradually reduce the disparities in development that now exist in the region, although the Ecuadorians complain that the agreement has not been effective.

During the meeting of Andean foreign ministers held in Quito in May 1979, before the Cartagena Summit, it was stressed that additional steps must be taken to narrow the gap that separates Ecuador from the relatively more developed countries.

Galo Montano, then minister of industry in Ecuador, asserted that during that meeting there was evidence of major political support for integration, while Foreign Minister Jose Ayala expressed the opinion that the meeting would place the group on a better footing.

For his part, Ecuadorean President Jaime Roldos, who took office last August, indicated his support for the Andean Pact and the steps it has taken to institutionalise its political actions in search of a better position in the world economic situation.

The minister of industry, trade and integration, Germanico Salgado (a former Andean Pact official), said the change brought about in the past few months in the subregional group was an international achievement.

Ecuador played a key role in the negotiations between the subregion and the United States, since as members of OPEC Ecuador and Venezuela experienced discrimination within the American system of tariff preferences.

Unity vs. Manipulation

The tradition of the Organization of American States (OAS) as an instrument of U.S. foreign policy was broken for the first time in its history last year when James Carter's administration was isolated from the other American nations due to the decisive joint action by the Andean nations and other countries in the region which were opposed to its interventionist plans in Nicaragua. That event highlighted the subregional group's negotiating capabilities.

Furthermore, in recent months the group for the first time collectively negotiated its trade relations with the United States, the largest investor in the subregion and the largest external trading partner of the Andean nations.

This is not a mere coincidence, since the crisis in the United States, reflected in galloping inflation, balance of trade and balance of payments deficits, unemployment, the plunging dollar and energy dependence, has necessitated certain adjustments in U.S. policy.

On the other hand, the triumphs of the liberation movement, the rising star of the socialist world (including Cuba in Latin America), and the successive failures of the government in Washington in the international arena, have marked the opening of a historical period which favors the demands of the Andean bloc with respect to the United States.

This has undoubtedly strengthened the bargaining power of the Andean nations, forcing the United States to rethink its position. Recently that country had to enter into collective bargaining with the Andean Group and give up its old policy of bilateral pressures.

Threatened by the American protectionist policy, world-wide capitalist inflation and an unjust international order, the Andean nations must obtain certain advantages. They are facing a new gap which enables them to negotiate as a homogeneous bloc.

Commenting on the United States' new attitude toward the subregion, the newspaper EL COMERCIO of Lima pointed out that cooperation between the two will be the most difficult achievement.

It is important to note the urgent need to eliminate or reduce tariff barriers and the practice of dumping American reserves on the international market to the detriment of our countries' products, stressed the Peruvian paper.

Starting Point

The military regime, the Brazilian bourgeoisie and the transnationals located in Brazil are not interested in limited regional pacts such as the one resulting from the Cartagena Agreement, because those are obstacles to much broader and ambitious integration plans formulated by the three sectors.

According to the Trilateral Commission strategy, Brazil is assigned the role of "large base of operations for the transnationals" in South America.

For the price of privileges granted to the transnationals, Brazil has assured itself of that preference in the past 15 years. The concrete result is direct investment already amounting to \$15 billion and loans from international banks that exceeded \$50 billion as of the end of last year.

However, Brazil's present position with respect to the Andean Pact can be included in what the Brazilian Foreign Ministry calls "responsible pragmatism."

As a result of its dependence on oil (85 percent of its consumption is imported), it undertook a change in its foreign policy and ceased to provide public support for Portuguese colonialism; it dissociated itself from South Africa and immediately recognized the revolutionary governments of Guinea Bissau, Mozambique and Angola.

Given the existence of the Andean Pact, Brazil is now trying pragmatically to establish a "modus vivendi" with it.

Furthermore, Venezuela and other Andean nations have insisted on negotiating collectively with Brazil concerning the Amazonian Pact advocated by the latter, to include the nations of the subregion as well as others.

Recently Brazil has had to contend with a serious trade deficit, having been pinched by its oil dependence.

Venezuela and Peru are considered by Brazil as two potential sources in the region that could partially solve its energy problem.

Joao Baptista Figueiredo's visit to Venezuela had, among other objectives, that of persuading that Andean nation to sell it 100,000 barrels of oil a day.

In addition, during Peruvian President Francisco Morales Bermudez' visit to Brasilia, that country's officials expressed an interest in the sale of Peruvian petroleum to Brazil and the joint exploration and exploitation of oil in the Peruvian Amazon.

On that occasion both leaders signed the so-called "Brasilia Document," in which the Atlantic nation recognizes the importance of the Andean Pact.

Figueiredo announced that his foreign minister will maintain frequent contacts with the Foreign Ministers Consultative Council of the Andean nations.

Former Peruvian foreign minister and member of the Cartagena Agreement Board Luis de la Puente said in that regard that Brazil is very interested in expanding its trade with the countries of the subregion.

De la Puente, who recently made contact with the Brazilian government and private sector, indicated that Andean-Brazilian trade would be substantially advantageous for the Atlantic nation, which exports \$600 million to the subregion and imports only \$250 million.

On the other hand, he explained, there is full agreement in Brazil with the positions taken by the Andean Group with regard to the restructuring of LAFTA.

8926

CSO: 3010

ANTI-SANDINISTS MEET IN GUATEMALA TO 'RESCUE' NICARAGUA

Guatemala City PRENSA LIBRE in Spanish 25 Apr 80 p 2

[Text] Many Nicaraguan exiles and several Guatemalan anticommunist leaders who are members of the MLN [National Liberation Movement] decided yesterday to strengthen the anti-Sandinist ranks to rescue Nicaragua.

The meeting, organized by the Nicaraguan Revolutionary Front [FRN], was attended by former Guatemalan vice president and top leader of the MLN, Mario Sandoval Alarcon; provisional president of Nicaragua, Dr Francisco Urcuyo Maliano; former MLN candidate for deputy, journalist Antonio Najera Saravia; and MLN deputy and director of public relations, Lionel Sisniega Otero.

The FRN includes some militarymen and civilians who served in Gen Anastasio Somoza's government.

Also sitting at the main table were engineer Roberto Cordon, Dr Roberto Sacasa Zamora, Enrique Ulbert, Orlando Flores Casanova, Justo Garcia, Col Emilio Padilla and attorney and journalist Nemen Yassa Nader.

Dr Urcuyo Maliano said that an important and urgent point discussed in the meeting was the imminent need to create a committee to help the Nicaraguan exiles in the Central American area.

He said that the aim was "to form a working unit with the firm objective of helping those countrymen who live in very poor conditions in the five countries of the Central American isthmus. Most of them are confronting migration problems as well as economic and social ones."

He added that only in this way can we maintain constant contact to achieve in the end the desired rescue of Nicaragua from the hands of the current Sandinist revolutionary junta since "with Violeta de Chamorro's and Alfonso Robelo's resignations, Nicaragua definitely has fallen into the hands of international communism."

In addition, attorney Nemen Yassa Nader, an editor and publisher in the United States and a Cuban exile, said that attorney Sandoval Alarcon, leader of the FRN movement, had fully ratified once more his solid support for the common cause among Nicaraguan exiles.

He described the MLN leader as an anticommunist symbol in the world and one of the main bastions in the efforts to mobilize all the life forces in Latin America so that, united, they can form the aegis to stop the advance of communism in Spanish-speaking countries.

Finally, attorney Yassa Nader, visibly moved, stressed the vigorous changes achieved daily by the FRN, of which Sandoval Alarcon is also considered an indispensable political adviser.

9341

CSO: 3010

COUNTERREVOLUTION RUMORS FORCE NICARAGUANS INTO COSTA RICA

San Jose LA REPUBLICA in Spanish 27 Apr 80 p 8

[Text] The gradual exodus of Nicaraguans toward Costa Rica has started in the face of growing rumors being spread in Managua that a counterrevolution is being plotted to depose the National Reconstruction Government Junta.

The Nicaraguans are leaving clandestinely across the border mountains separating these two Central American nations.

During the execution of "Operation Eagle" ordered by Public Safety Minister Juan Jose Echeverria, two contingents of the Costa Rican police under the command of Majors Aguilar, Chan and Ortiz verified the method Nicaraguans are using to illegally enter southern territories.

The civil guard questioned immigrants who confessed that "one cannot live on the other side."

These people are generally peasants living in towns on the edge of the great Lake of Nicaragua.

By going through the mountains and crossing pastures, rivers and streams they cross the border to secretly enter Costa Rican soil.

The dissidents, as we call them, make a long trip on horseback, but most of them travel on foot until they reach the border where they afterwards mix with the peasant villagers.

Frequently the Nicaraguans use the old roads and paths that for many years have been used to transport cattle. Thus through the pastures it is easy to reach Los Sitios de Verdun, and the Los Inocentes, Alemania, Santa Cecilia and finally La Cruz areas.

On the other side crossing is much easier because of the weak surveillance exercised by Costa Rican as well as Nicaraguan authorities.

Mexico, Upala and Los Chiles are other Costa Rican towns that the Nicaraguans are using as a base to later move to other places in Costa Rica.

In recent days the number of Nicaraguans crossing the border without inspection has increased because official security forces have said that they are on the trail of an extensive network of counterrevolutionary elements who supposedly are preparing to destabilize the country.

Sandinist leaders disclosed that according to the initial information obtained from several prisoners, mostly former national guardsmen, these forces are evidently getting ready in Honduras and are using El Salvador as a springboard.

The detainees, among them a peasant recruited by the counterrevolutionaries, said that the so-called camps for Nicaraguan refugees in Honduras are possibly being used for other objectives.

However, they later confessed that they had deserted because most of the troops were barefoot, almost naked and hungry, waiting for equipment that supposedly, according to their leaders, the Honduran army would send them.

The peasant pointed out that in the camp where he stayed, known as "Arenales," in Honduras, there were about 160 former national guardsmen in training and at least 7 peasant recruits.

9343

CSO: 3010

BRIEFS

AIR FORCE COMMANDERS AGREEMENTS--The representatives attending the 20th Conference of American Air Force Commanders approved the Peruvian and Venezuelan proposal to increase the exchange of personnel for training under the guidance of the Inter-American Air Force Academy (IAAFA). This agreement was one of the topics discussed during the conference which ended last week in Santiago. This initiative is aimed at revitalizing the IAAFA, which is sponsored by the U.S. Congress, and at increasing the bilateral and multilateral exchange of personnel between American air forces for training. Another important agreement reached during this conference is one regarding mutual aeronautical support in the event of disasters. Argentine Air Force Commander Omar Graffigna presented a detailed report on this subject. The air force commanders of the 14 countries attending the conference have left Chile after a 6-day stay. [Excerpt] [PY131640 Santiago Chile Domestic Service in Spanish 1100 GMT 13 May 80]

INTERNATIONAL WORKERS' MEETING--The participants in the meeting of the Secretariat of the International Union of Agriculture, Forestry and Plantations Workers trade unions with Latin American and Caribbean organizations today continued to hold working sessions in the building of the Central Organization of Cuban Workers. The report submitted by the international Secretariat has been discussed extensively and proposals of delegates of participating countries have been numerous. All delegates agree that the common objective of all countries, excepting Cuba, Nicaragua and Grenada, is to seize power, to seize power, to carry out the revolution at the precise moment and to apply the agrarian reform law, the only solution of the countryside workers in the economic, political and social aspect. [Text] [FL162340 Havana Domestic Service in Spanish 2300 GMT 16 May 80]

LATIN AMERICAN JOURNALISTS SEMINAR--The 5th Latin American Journalists seminar closed this afternoon at the Union of Cuban Journalists [UPEC] conference room. Since 9 May, 32 representatives from 20 Latin American and Caribbean countries had been analyzing and discussing the situation of the media in their respective countries, the diversionist and reactionary role of the capitalist press agencies, and the political, economic and social development of our country. After reading the final declaration and presenting certificates to the participants, Nivaldo Herrera, president of the

Cuban Institute of Radio and Television, gave the closing speech. Ernesto Vera, secretary general of the UPEC, and other members of the UPEC Secretariat chaired the meeting. [Text] [FL210044 Havana Domestic Television Service in Spanish 0000 GMT 21 May 80]

PANAMA, COLOMBIA MICROWAVE AGREEMENT--On Tuesday, 13 May, Engineer Rafael E. Aleman, general manager of the National Telecommunications Institute (INTEL) began holding the pertinent talks with representatives of Colombia's National Telecommunications Enterprise (TELCOM) to discuss the operational, administrative and technical aspects of the project to connect the microwave networks of the two countries. The talks concluded with the signing of the respective agreements. These agreements were signed by Aleman on behalf of INTEL and Engineer Alejandro Isaza Mejia on behalf of TELECOM. Isaza Mejia is assistant executive to the TELECOM president. The project will give Panama greater capacity and flexibility in the handling of the telephone and telegraph traffic between our country and the South American countries. The same system is being used by the Central American countries. The INTEL-TELECOM project was already very advanced and it should become a reality in late 1981. This will be one more step toward the goal of the national government, which is the conquest of the Darien Gap, in a very important aspect for the country's socioeconomic development: Telecommunications. [Excerpt] [PA170407 Panama City MATUTINO in Spanish 15 May 80 p 1-B]

DOMINICANS SUE MEXICANS--The Dominican government demanded 50 million pesos from the Mexican Reinforced Plastics Industry Company, charging the company with failure to carry out the contract signed with it in connection with the fishing program's implementation. In releasing this information yesterday, the president-administration of the IDECOOP (Institute of Development and Cooperative Credit) said that the above-mentioned enterprise did not deliver to the institute, by the specified deadline, the 64 boats worth \$1,388,438.40. The contract was signed in March 1976 and the company was supposed to deliver the last boats in August 1977. Attorney Marcelino Galvez pointed out that the company however delivered only six boats, which is why IDECOOP officials went to Mexico to pick up the hulls, the blueprints, and the accessories in order to finish the units in the country. Galvez said that the president of the company, Mr. Enrique Alcala Eroza, will have to respond to this demand in the Dominican courts. [Excerpts] [Santo Domingo LISTIN DIARIO in Spanish 12 Apr 80 p 8-A] 5058

CSO:3010

'CLARIN' ADDRESSES CURRENT FINANCIAL CRISIS

Private Bank Intervention Cited

Buenos Aires CLARIN in Spanish 27 Apr 80 p 8

[Article: "The Price of the Crisis"]

[Text] With a weary gait and a face emaciated with fatigue, Minister Martinez de Hoz entered his government office at noon last Wednesday and, in an irritable manner, gave the order to his collaborators: "Urgent measures must be applied to the financial area."

He had just crossed Hipolito Yrigoyen Street, which separates the Palace of Finance from the Casa Rosada, where he had met with President Videla, who returned from Misiones that same morning.

Forty-eight hours earlier, on Monday, the Military Junta had discussed the financial situation for the second time in 2 weeks.

Two days later, on Friday, the minister of economy intervened in three private banks and caused the greatest setback in a leadership typified by irreducible decisions; he discarded the plan to reduce the banking guarantee, which was supposed to end in December of this year with only 50 percent protection of deposits.

What had happened? Where were the times of financial euphoria, when that was the most profitable business in Argentina? Where was the optimism about the economic situation?

Was it possible that the collapse of one bank, the BIR [Regional Exchange Bank], even though it was the largest private one, could bring about such a tragedy?

Unquestionably, that was impossible; and hence another explanation had to be sought if we did not wish to succumb to over-simplification.

We shall make the attempt.

On Tuesday, 8 April, among several topics proposed by the commanders-in-chief, the Military Junta (at the request of the chief of the Navy) dealt with the financial situation since the collapse of the BIR.

The discussion of the topic is included, among other issues, in brief secret minutes signed by Gen Reynaldo Bignone, acting secretary general of the top-ranking government agency.

What those minutes do not say is that there was a resolution which was not explicit, but which remained floating in the atmosphere.

It was this: The collapse of more financial entities would make the situation of the Central Bank's board of directors recently confirmed by presidential decree for a period of another 4 years intolerable.

It is known that Minister Martinez de Hoz himself received that information a few days later.

It may readily be inferred what happened afterwards, because the hypothetical collapse (it was said in government circles) of the Central Bank's board of directors constituted a serious political setback for the minister, but to some extent it would also hurt the image of the president, who had been advised to sign that decree confirming the financial leadership. But the collective panic created by the BIR, after a long period in which the most delightful and entertaining game had been the magical capers of finances, could not be checked with mere government urging for calmness.

Some 10 days ago, in Brazil, Martinez de Hoz had boasted: "If there is no distress, nothing will happen and everything will return to normal."

The bare, harsh reality struck the optimism like a hammer, while the vaults of the private banks emptied and those of the government banks were filled.

The Los Andes bank alone, one of the three intervened in on Friday, took \$550 million from the Central Bank, making use of the backing offered by the government to mitigate the crisis.

Many thought that this sequence of events had removed the veneer of economic freedom from the heads of the Palace of Finance because (it was claimed) it had stripped off a high degree of statism which had reached its height with the preparation of lists containing names of companies which were to be saved from the recessive process.

Now, another angle of the issue appears: Is the crisis in the financial sector only a surface eruption, or is it a symptom of greater ills in the economic organism?

This is the question which has most persistently haunted the political and military atmosphere during the past few days, because all the expounders of the Argentine leadership have turned their glance toward its evolution.

For those who view the picture with complacency, the problem lies only in "financial hyperdistention," and those who have failed are the ones who have abused the freedom and have speculated beyond their ability to do so.

One observer remarked: "They are the ones who have taken a longer step than their legs would allow."

An ultramontane of the economic powers that be added: "The system has taken its witches to the stake, and has become purged."

Is that really so?

Many others claim that all this is a half-truth, for two reasons:

1. The financial speculation was given an incentive by the economic policy itself.
2. The portfolio of overdue loans has had a considerable effect on the outcome of the crisis.

In the case of those sectors, the latter information about the reality cannot fail to be taken into account to diagnose the disease in the heart of the organism.

For example, they claim that "a great many" banks have between 50 and 60 percent of their loan portfolios overdue.

In fact, these are not personal or small-sized loans; in many instances they involve major Argentine business firms which are not in a position to pay their bank loans.

Many of those firms are included on lists that are mentioned with gloomy predictions.

For the present, let us say that the three banks which underwent intervention on Friday each completed the circuit of major economic groups, and served to refuel them: Sasetru, Oddone and Greco.

The resolution of the Ministry of Economy itself calls for the sale or liquidation of the banks and other firms which comprise the groups.

Let us also say that, in the case of the Greco group, interests of the grape growing industry are involved which are critically linked with the economies of the Cuyo provinces.

What will the future of the intervened banks be?

Almost no one is in a position to count on them to any great extent.

The reason is a simple one: The status of being intervened implies a lack of government confidence which will scare off savers.

There is another reason as well: The government, in its capacity as intervenor, will have to decide more flexibly on the collection of the overdue loans, particularly if they determine the survival of certain business firms.

The financial circuit is gradually becoming centralized again in the old hands of the traditional banks, but its political and economic cost is still unpredictable.

What price will Minister Martinez de Hoz have to pay in political currency?

We have already observed one: the step backward that he had to take with regard to banking guarantee.

Another might be the gap which some note between the head of the Central Bank and the minister, as a logical backlash of a crisis which involves them both alike.

But the final price may be the most important one.

Those at the top echelon of power claim that it was Martinez de Hoz's political priority to prolong until the end of the year any imbalance in his administration.

Why?

Because, the authors of the hypothesis maintain, until the year's end he needed broad political margins to negotiate his succession; in other words, the economic line that will prevail after March 1981.

Furthermore, when the end of the year arrives, there will be only 3 months of summer remaining. The speculation goes on to say that, with luck, that period may elapse quickly and another administration would have to bear the crisis on its shoulders.

We know that the periods of political intentions and those of reality usually take parallel routes; only when the latter is halted, it also holds up the other.

Nevertheless, it should be explained that those are the conditions surrounding the political situation day by day.

What will happen by September, when the next president of Argentina is elected? Will the evolution of the economic situation operate in favor of or against the minister?

We can only say that the signs are not propitious for him, and let the situation be responsible for performing its work.

That same work which it must do with the election of Videla's successor, now so replete with prognostications.

The commander of the Navy, in an implicit reference to the process of designating the next president, has just remarked: "Those who apply to the study of this process criteria for observation from past eras or who attempt to impose names rather than systems are confused."

This theory is shared by the Air Force, which has not only ratified the enforcement of the present system of government but has also added that it should be stipulated that this is what is desired for the period to come, so as to consider just the ideal person.

The Army has also made the same praise of the system. A division general commented last week: "I shall stay with this one until they can prove to me that there is another which is better."

But there is just one difference between this branch of service and the others: The Army has already decided on the individual whom it will promote for the presidency of the nation, and it is obviously its former commander, Gen Roberto Eduardo Viola.

Moreover, we know that it is the intention of the military commanders to avoid apprehension on this matter insofar as possible, so as not to create political agitation concerning an issue which (it should be reiterated) they consider to be strictly incumbent on the military.

Many are wondering: What should the civilians be doing in the meantime?

By way of a reply, a high-ranking member of the government said: "Concerning themselves with the major issues of national politics."

In the view of that individual, who is in the first rank of political command, the widespread apathy regarding Argentine politics revealed by secret public opinion polls, is "frightful." "No one is concerned about anything," he complained; adding that the "task of political consciousness-raising is a priority."

He considers dialog a good vehicle, although he agreed that the anemia of public expectations which has worried the political spokesmen up until now has not helped them much.

But, far more secret than those polls is, unquestionably, a report in the hands of the military concerning alleged contacts made by subversive members of the Montonero group with certain Argentine civilian leaders.

The report is based on an internal document of an extremist cell, and implicates leaders of various sectors.

According to that document, the contacts were nearly all made abroad, and, during them, support was requested. It is known that many responses were an outright "no," and that others were ambiguous.

Nevertheless, in the limited military circles in which the matter was dealt with, they avoided any reference to specific names. It was claimed: "We cannot commit the irresponsible act of accusing individuals because of the mere fact that they are mentioned in a subversive document."

Far less reserved was the meeting last Friday chaired by the Army chief, General Galtieri, and attended by the four corps commanders: Gen Montes, head of the First Corps; Gen Luciano Jauregui, head of the Second Corps; Antonio Domingo Bussi, head of the Third Corps; and Jose Rogelio Villarreal, head of the Fifth Corps.

The main topic at the meeting was a matter which has been discussed very often: the dispute with Chile over the Beagle Channel.

However, it should be noted that this meeting was only informational, and that, at the last minute, military spokesmen of various origins tended to dispel any hasty alarmism.

The Army high command also was informed about the evolution of the financial crisis, which had reached its highest peak at that time.

They knew one thing: Far more than the fate of a handful of banks was at stake in it.

Effects on Economic System

Buenos Aires CLARIN in Spanish 4 May 80 p 8

[Article: "The Financial Syndrome"]

[Text] It would appear that the most difficult task in Argentina at present lies in determining whether the crisis which has made deep wounds in the financial market has yet reached the bone of the system.

The decision would be easy if it were determined exactly whether the financial collapse was a result of an ailment affecting the entire national economy or, on the contrary, the result of a mere case of speculation, as the Palace of Finance has taken upon itself to advertise widely.

For the present, the fact is that the matter must transcend the limited judicial realm to which they have tried to confine it; because, otherwise, the government would not have devoted so much attention to it.

It should be recalled that, on the only 2 days of the week when Martinez de Hoz was in Buenos Aires, last Monday and Tuesday, he appeared on lengthy programs carried by the government news media, underestimating the seriousness of the crisis.

This is an old habit of the minister and his group, which is repeated in cycles. Every time a problem upsets his administration, the opinion of the Palace of Finance is expressed over the mass media during the periods when there is the largest audience.

Beyond the significance of the unlimited use of those media, their use on this occasion serves as a symptom: Something more than what was said in those statements was really happening.

But there are other more important and more conclusive symptoms of the concern that has spread among the individuals governing Argentina.

Perhaps it may be sufficient to observe that the admirals discussed the matter last week, the brigadiers will do so tomorrow and, on Wednesday, the generals will hear an address by the minister of economy.

Furthermore, last Friday there was a meeting of the commanders-in-chief of the Army, which included President Videla, the chief of the force, General Galtieri, and Generals Bignone and Crespi, the general secretaries of the Army and the Presidency.

At all those meetings, two issues in particular were discussed: the financial crisis and the dispute with Chile over the Beagle, which is becoming of increasing concern to the military chiefs owing to the evolution in the Vatican of the mediation proceedings and increasingly hostile attitudes on the part of the Santiago government.

But let us return to the problem of the economy, because Argentina's strength is at stake in it.

In the next report to the generals, it is possible that Minister Martinez de Hoz may confirm the fact that the financial imbalance was caused by the repression that had to be used on a group of speculators.

With regard to that meeting per se, it was also explained that it is only one more in the series of reports that various officials have been making to the generals.

The latter information is as correct as the information that the previous experiences related to currently critical areas: Foreign Minister Pastor,

when the decision was being made on the Argentine position concerning the grain boycott of the USSR, and Admiral Castro Madero, when the nuclear contract with Germany was in jeopardy.

In any event, we said that Minister Martinez de Hoz would surely claim that the cases of the banks that have fallen into misfortune (BIR, the Internationa, the Los Andes and the Oddone) are different from one another, and that they are exceptional instances.

"This has nothing to do with the course of the economic process," Martinez de Hoz declared; and he will undoubtedly repeat it to the Army high command.

However, it must be recognized that this is one of the chimes sounding in national politics, and that the other one says exactly the opposite.

For example, one wonders: How can one underestimate so much the failure of four banks (two of which were the leading ones in the private sector) in a country which has fixed term deposits of nearly \$18 billion which exceed the volume of Argentina's exports more than twofold?

It is the same civilian and military sectors which expressed surprise at the criticism of the speculation, originating in the same government sector which drew up the legal instruments that made the financial game the most profitable industry in the country.

That same chime, the one that is out of tune with the one ringing from the Palace of Finance, usually claims that the failure of those banks is only the crest of a wave on a turbulent sea.

They also maintain that, recently, many banks and financial institutions have approached the Central Bank to request intervention, weakened to the limits of their potential to keep surviving.

Furthermore, they display the status of the provincial banks, many of which are at the brink of collapse, to claim that the crevices have been made in the structure of the economy itself.

Another imminent problem that the sectors critical of the economic leadership cite is the one which will occur when the banks have to start returning the advances provided by the Central Bank, in the middle of May.

The Central Bank advanced over \$2 billion, to prevent other banking entities from succumbing to a state of insolvency.

It is estimated that, on that date, the collective panic over the fate of savings will still be latent; which means that it is unlikely that the funds which are now deposited in the government banks will be returned to the private banks.

This obviously will force the bankers to limit credit, and to refuse renewals to business firms, especially industrial ones which are in a compromising situation, and which were virtually supported by bank credit.

It is known that the officials in the Palace of Finance are, in the most absolute secrecy, studying the status of about 100 business firms in a "disturbing" situation, many of which are major Argentine firms reportedly close to bankruptcy.

The intention of the government leadership is said to be to determine first which of them should be "saved," so as to aid them with long term loans and refinancing, and which of them should be left to their fate.

Certain military spokesmen have raised opposition to this practice, for two reasons:

1. Because it reveals an unknown degree of statism, clashing with the philosophy of the process itself, as expatiated in its basic documents.
2. Because the resolution of the current situation with measures which will carry over when another group is governing places conditions on the future government's management and confronts it with "consummate facts."

With regard to the latter point, it is considered, in particular, that the refinancing of large debts with the indexing system does not represent a complete solution if it is not accompanied by a considerable improvement in the level of demand.

Furthermore, it should be noted that, last week, other spokesmen (from the agrarian sector) accused the economic leadership of the same offense, addressing Minister Harguindeguy: "flagrantly" contradicting the economic guidelines announced by the military government in March 1976.

In some circles, there has even been a questioning of the intervention of banks as a legal expedient; because the law on financial entities only calls for the liquidation of banking entities.

But even if the viability of those interventions is accepted, what has not been explained is the extension of the mandates to administer the rest of the firms belonging to the groups which own the banks.

It is claimed: "The legality of the situation in such cases would result from a judicial intervention and not an administrative one.. It is predicted that, if this irregularity should become perpetuated, there would be serious conflicts over proprietorship; and, in addition, the state would have to take charge of the progress of the business, however it progressed in accordance with the management of the interveners."

But now that we are discussing interveners, let us say that their origins have caused a certain amount of suspicion in economic circles, leaving the definite impression that the national banks are beating a retreat.

In fact, Juan Carlos Aste, named intervener in the Oddone Bank, and Alberto Huergo, in the International Bank, are not employees of the Central Bank, but rather come from the Bank of Boston. The other intervener, Roberto Abeles, at the Los Andes Bank, served as general manager of the Hispano-Corfin Bank, with headquarters in San Juan, and headed a harsh competition with the Los Andes Bank.

The critical sectors are in the habit of claiming: "There was a great deal of arbitrariness in handling all this."

We should also add the claim that a major automotive firm instructed its concessionaries to withdraw their funds from the national banks and deposit them in local branches of foreign banks.

The impact which the financial crisis has had abroad is measurable if one observes just one item of information: The influential NEW YORK TIMES published a note on the first page of its edition last week underscoring the fact that the big speculators in Argentine finance had failed.

Minister Martinez de Hoz arrived in New York 48 hours later, and said the same thing to his old friends in North American banking.

But the same New York newspaper gave a complete description of the Argentine economy in recent years: "Borrowing and lending money has certainly been the most dynamic activity in the area of the economy from 1977 to 1980."

But all these reasonable and unreasonable aspects on both sides of the coin have been resulting in a considerable attrition for the one responsible for the economic leadership, even though no one mentions that this may be the crisis which will end his stay in the Palace of Finance.

The same thing does not hold true for the status of the president of the Central Bank, Adolfo Diz, whose tenure or ouster is a matter that is still "on the agenda," and the analysis of which has not been concluded.

Therefore, the situation, also made gloomier by certain forecasts citing a rise in the percentages of inflation in April and May, has left Minister Martinez de Hoz with little political oxygen, at least for imposing his successor in the next government.

It is an open secret, because the leading spokesmen for the minister have said so, and it has also been published abroad, that the successor will be none other than his present second in command, Guillermo Walter Klein.

Even though the materialization of that proposal was always unlikely, for the simple political reason that it would have been odd for the future president to accept such an outright image of continuity, this plan has now vanished (it is claimed), and another one less obvious about the underlying intentions must be sought.

But, if all this is so, many people often ask: Why has the economic crisis not had a counterpart in the political and social area?

Furthermore: Why have the administration which has jeopardized the destiny of many business firms and the low wages resulting from the recession not created a different social and political atmosphere? The answers vary, and they relate to the sectors in which they originate.

To some, it is merely that the crisis does not exist, or is only harbored in the fantasies of those opposed to Martinez de Hoz.

To others, who like to display the data on the business firms in death throes and the wage level, the explanation must be sought in the tragedy that Argentina has experienced in recent years.

In other words, a country does not readily recover from a long, cruel war; and therefore its reactions still have as a reference points the procedures and conditions of that time.

According to those sectors, Martinez de Hoz's leadership has found in those features of the situation (and in the absence of a revitalized leadership) his most loyal ally.

The same status as an ally which Foreign Minister Pastor has just stated he wants to find in Brazil, to formalize an ideological alliance that will counteract the outbreak of leftist governments on the continent.

However, that is not the alliance which Brazil wants to formalize, because it is inclined toward an economic agreement more than anything else.

This economic arrangement is viewed by many with circumspection, for the simple reason that there is great imbalance in the level of development of both countries.

Chile's hostility, on the one hand (expressed in every one of its recent statements), and the imbalance with respect to Brazil, typify the features of the political and economic situation in which Argentina is involved.

Therefore, amid renewed optimism and harsh predictions, it would be worthwhile ascertaining whether the blade of the crisis has reached the bone.

2909

CSO: 3010

EFFECTS OF BIR CLOSURE SURVEYED

Closure Causes Credibility Crisis

Buenos Aires CONVICCION in Spanish 15 Apr 80 p 13

[Article by Oscar Delgado: "Some Effects of the 'BIR Syndrome'"]

[Text] Yesterday the heads of the private financial enterprises--with greater enthusiasm of small or medium-sized--continued taking measures to reduce their credit portfolios. At the same time those most concerned continued to criticize circular RF 1,051 of the Central Bank which approves loans to maintain the liquidity of banks and financial companies. The measure was necessary and even inevitable for various entities which experienced the drain of their deposits owing to the "BIR syndrome" afflicting savers, but some consider that the interest rates that have to be paid for such loans are drastic.

However, there is no shortage of those who believe that circular 1,051 is another instrument used to promote the closing and/or absorption of institutions that will see themselves precisely in the next 2 months involved in such advances and interest rates. It certainly is an exaggeration. Or at least there is nothing concrete to warrant considering that opinion as an affect of the climate of nervousness seen by the micro-center and which makes everyone excessively susceptible.

The fact is that many savings were moved to public banks, foreign banks, or those of traditional size. However, yesterday a certain trend was noted among savers when they did not withdraw lesser amounts from some banks, financial companies, or "even small ones" enjoying a "good image." This means that the credibility crisis may be on the way to being overcome.

Furthermore, the Central Bank is being asked more insistently to increase the maximum amount of its total guarantee. It is asserted on good grounds that 1.2 million Argentine pesos is a ridiculously low figure. The most conservative bankers mention a ceiling of 5 million pesos which, to the saver many have a few tens of millions of pesos, would make it

possible for him to break up the total among various banks. At present if you have 12 million pesos you would have to make 10 transactions in as many other financial institutions. Even a retired person does not have that much patience.

Within the question of deposits there is no doubt that the report that consideration would be given to the extension of the guarantee to deposits in foreign currency under similar conditions (perhaps not identical conditions) as those applying to deposits made in Argentine pesos gave new hope to those holding savings accounts in dollars.

Speaking from a phenomenological viewpoint the one who have greatest impetus to such a rumor was the vice president of the Central Bank, Alejandro Reynal, who noted during the recording of a televised program that such a possibility was being studied for depositors at the BIR [Regional Exchange Bank]. The rumor took shape (or originated) in San Martin Street and was close to the version mentioned. The idea would be to preclude the export of capital to presumably more secure countries. Some even assumed that the drop in the exchange rate of the U.S. dollar in foreign currency dealings was the first effect of such a possibility. More probable causes seem to be the start in the draining of funds (a relative one since funds could be found as the final days came around in the maturity of fixed term deposits) of the "dollar wave" and the transfer of these currencies by the Bank of the Nation to the exchange centers' circuit.

With all this the major problem continues to be the slight interest of banks and financial companies in increasing the number of their clients. That is why there are substantially more difficulties in extending credits, granting new ones, and approving overdrafts. All of this tightens even more the nerves of the small and medium-sized businessmen who need financial assistance. But the bankers, many of whom fear new measures obliging them to get rid of clients with a tendency to be delinquent, wish to avoid at all cost paraphrasing the final soliloquy of Mercutio in "Romeo and Juliet" when he said: "My file of debtors is not as deep as a well/nor as wide as the door of a church/but it is sufficient to ruin my bank."

BIR Failure Analyzed

Buenos Aires CONVICCION in Spanish 15 Apr 80 p 7

[Article: "Repercussion of the BIR Case in the Credit Bank--Bidela and Fraga Analyzed the Law of Social Works"]

[Text] The impact which the liquidation of the BIR [Regional Exchange Bank] could have on the National Credit Bank was analyzed yesterday by the Argentine president, Lt Gen (Ret.) Jorge Videla, and the minister of social welfare, RAdm. (Ret.) Jorge Fraga, according to an official report.

Even though no details were given on this topic it is known that right after the BIR's liquidation there has been a notable inflow of savings in the last few days to the official credit institution which, as is known, has already been effecting fixed-term transactions for roughly the last 2 months.

It also transpired that during the meeting of Videla and Praga at Government House the final stage of the procedures regarding the social works bill was analyzed. This bill is slated to be drafted in the CAL [Legislative Advisory Commission].

The possibility existed that in order to quash journalistic versions that in some cases distort the essence of the bill, it was indicated, the measure connected with the issue of social works would be made public officially this week.

The official version regarding the audience which the President granted to the minister of social welfare mentioned that Rear Admiral Praga also referred to the state of negotiations with the Medical Confederation of Buenos Aires Hospitals in connection with the rates for medical-assistance loans.

BIR Failure Criticized

Buenos Aires CLARIN in Spanish 15 Apr 80 p 8

[Article: "Decisions Made for the Closing of the BIR"]

[Text] Two groups made known their respective pronouncements related to the events that occurred in the financial realm. The intransigent Party held that the liquidation of the BIR [Regional Exchange Bank] "evidences one of the greatest financial scandals which have occurred in Argentina in this century."

Oscar Alende headed the list of those who signed the document also approved, among other leaders, by Juan Carlos Manes, Mariano Lorences, Raul Rabanaque Caballero, Hector Cesar Llorente, Susana Policastro, Orestes Introna, Susana Perez Gallart, Roberto Bakirdjian, Miguel Monserrat, Sonia Ludwig, and Jose Luis Valles.

After noting the responsibility that it attributes to the authorities of the Central Bank, the document asserted that "the pious mantle with which official silence tries to cover behind-the-scenes maneuvers which unleashed the scandal does not serve as an answer to the charges of the questioners that the country persistently follows an economic policy whose catastrophic results, after producing the drop in national production, the closing of plants, the unemployment of thousands of workers, and wages below what is required to meet the basic needs of families and

workers, evidence the immoral activities of firms protected by such a fever of greed and speculation as the Republic had never seen."

On its part the Socialist Confederation held that the cases of the BIR and the Promosur financial company "are the logical consequence of an economic and financial policy which has filled the marketplace with speculators and even swindlers."

The declaration signed first by Alice Moreau de Justo, Ramon Soria, Oscar Palmeiro, and Hector Polino noted "the lack of control and inability of the Central Bank to prevent these collapses" and asserted that "this episode demonstrates the true character of existing economic policy lacking social content. This is a policy which encourages speculation and the destruction of the state's productive apparatus. And, above all, it is an economic policy which has reduced the real wages of the workers and the Argentine people."

Criminal Prosecution Possible

Buenos Aires CLARIN in Spanish 16 Apr 80 p 11

[Article: "Evaluations by Martinez de Hoz"]

[Text] The minister of economy, Dr Jose Alfredo Martinez de Hoz, said yesterday that the individuals suspected of causing the financial collapse of the BIR (Regional Exchange Bank) will be tried "if their involvement in the irregular activities of that institution are proven."

In telephone statements originating in Rio de Janeiro and made to NOTICIAS ARGENTINAS [ARGENTINE NEWS AGENCY] the minister of economy indicated that "we have a judicial system available so that all the responsibilities that may evidence themselves in the manipulation of the bank, at the right time and when the investigations that are being made bring them to light, will be the subject of appropriate legal prosecution."

Similarly, Martinez de Hoz reiterated the idea that "all international bankers saw the bankruptcy of the BIR as an example of earnestness in the application of the law and its amended implementation."

Finally, as regards the economic plan, Martinez de Hoz explained that "we shall not achieve all our goals before 1981 or even within a year or 2. This program," he concluded, "must continue to be applied over the next few years so that it may yield all its fruits to the country."

2662

CSO: 3010

RUSH OF WITHDRAWALS FORCES ROSARIO BANK TO CLOSE

Buenos Aires CLARIN in Spanish 24 Apr 60 p 16

[Text] Rosario (from our news agency)—The liquidation of the National Grain Board Employees Mutual, decided on by the National Institute of Mutual Associations (INAM), was affirmed yesterday with an announcement by the head of that organization, Lt Col (retired) Hector Hiram Vila, who made a special trip to this city late in the afternoon to turn it over to liquidation auditor Jose Mamfre.

In an interview with reporters, the head of the INAM admitted that "these exceptional situations could be the result of the change in the general financial market, which is not the same as it was 5 or 6 months ago."

As the reader will remember, when this mutual started to liquidate during Holy Week, there was such a run on the institution that in 1 day deposits amounting to 1.2 billion pesos were withdrawn. Then it suspended its operations and later appointed a supervisor, accountant Gutierrez, now replaced by auditor and accountant Mamfre.

Detonator

When asked what served as a detonator, Lt Col Hiram Vila said that "it was a financial disaster that had to be resolved — painfully — through liquidation, because maintaining the status quo could have been even more negative." He noted that these situations were "exceptional" and reminded us that of the country's 800 mutuels, 354 of which are in Santa Fe Province, the cradle of the mutual movement, only two have had problems.

Asked whether, once the current problem is resolved and the situation presumably back to normal, there would be any legal obstacle to continuing operations, the official replied: "Actually, the mutual could go on operating if the auditor-liquidator comes up with a balance, but let us not forget that liquidation is legally speaking like the formal demise of a civil institution."

The Liquidation

The liquidator, accountant Jose Manfre, the outgoing supervisor and the mutual's own directors up to the present time attended the ceremony presided over by the INAM auditor.

The resolution reads: "Since the real reasons behind the institution's financial imbalance are known, we have concluded that it is in no position to go on offering the services provided for in its charter, it being in INAM's interest to safeguard the assets of the members who have deposited their savings with it, which assets could be affected if it continues to offer its services." And this is how the institution's legal as well as economic appraisers put it.

It is also being contemplated that the liquidator "should, as an immediate measure, work out a plan for returning mutual savings to members and toward that end turn assets into cash and collect outstanding debts, resorting to legal channels if necessary."

11,466

CSO: 3010

INCREASE IN FOREIGN DEBT ATTRIBUTED TO SPECULATION

PY161430 Buenos Aires CLARIN in Spanish 13 May 80 p 10

[Editorial: "The Foreign Debt"]

[Text] The advance information of the central bank yearly report for 1979 showed a geometrical growth of the foreign debt during 1979. Since December 1978 it has jumped from \$10,796,000,000 to \$19,034,000,000, a 76.3-percent growth, which is startling.

The debt of the private sector totaled \$9,074,000,000 on 31 December 1979, with a 116-percent growth in comparison with the amount 1 year before; the debt of the public sector totaled \$9,960,000,000, with a 51-percent increase. The debts of the two sectors thus became about equal, a fact which signifies a marked expansion of foreign financing for private business, which has normally been only 30 percent of the total foreign debt.

The reasons for this increase are obvious, and the central bank itself undertook to explain them: "As of February, the gap between the internal interest rates on loans and the cost of borrowing abroad started to become wider; the latter cost proved to be lower." Although not quite as obvious, this widening gap was helped along by the fact that the devaluation of our currency did not compensate for the difference between foreign and domestic inflation rates. On the contrary: A rigid system of exchange rates safeguarded the operations.

Within this picture, the entry of noncompensatory capital--\$4,441,000,000--was the chief characteristic of the external sector in 1979. The net amount of financial loans totaled \$3,562,000,000 for the private sector and \$738 million for state enterprises.

This wave of foreign financing, which brought the total foreign debt to over \$19 billion, was also reflected in the level of reserves which totaled \$10,480,000,000 in the national treasury at the close of 1979.

The characteristics of the debt, however--particularly the presumably short terms of payment together with its growth because of mere short-term

convenience--cause us to question the true nature of this type of financing, and the development of trade increases the same doubt. Imports expanded at an increasing rate throughout last year with a 30-percent growth in volume (and rather more in value) during the period, and this expansion has markedly continued in the first months of this year. On the other hand, the volume of exports remained the same, although its value increased by 20 percent thanks to a price increase on the world market.

These characteristics of the external sector are also reflected on the internal front. The lagging behind of the exchange rates favors imports and discourages exports--particularly of industrial products--while there are clear signs of productive stagnation; the initial signs of recovery which were noted at the beginning of last year soon gave way to a gradual slowdown in the second half of the year, which became very obvious in the pace of industrial activities, which has not changed since then.

In this framework, the increase of the foreign debt is an inauspicious development. Underdeveloped countries are defined through the condition of being unable to finance their own development. For this reason, it is not the amount of the indebtedness that causes misgivings, but rather the fact that its swift increase has been caused by speculation. It would have been different if those funds had been channeled toward an expanding development of production, harmoniously integrating its various currents. It would have been very different if the flow of foreign capital had taken the form of new investments, or if it had contributed to consolidating the backward structure of basic industries and the great projects of infrastructure which undeniably require a modern and vigorous national economy.

CSO: 3010

PRESS UPDATE ON OIL IMPORTS, PRODUCTION LEVELS

Brunella: Self-Sufficiency Is Goal

Buenos Aires CLARIN in Spanish Economic Supplement 4 May 80 pp 6-7

[Interview with the secretary of energy, Eng Daniel Brunella, date and place not given]

[Text] Oil extraction will increase at an average rate of 5 percent per year, whereas consumption will rise at an annual rate of 3 percent during the next 5 years. In the opinion of the secretary of energy, Eng Daniel Brunella, as expressed to CLARIN ECONOMICA, "The courses of action will make it possible to attain the goal of self-sufficiency over the next 5 years." The official also discussed oil imports and their composition, the policy on exploration, the risk contacts and the price of hydrocarbons.

[Question] What is the exact scope of the self-sufficiency in oil anticipated by 1982? Does it include our own supply of heavy sections only, or does it also include the light sections? Do the production and consumption levels reached to date warrant the assumption that there might be some change in the aforementioned data?

[Answer] The state secretariat for which I am responsible estimates that, by pursuing the courses of action that have been devised, we can achieve self-sufficiency in oil within the next 5 years. The exact date on which it will be attained may vary, depending on the behavior of the demand. In this regard, we think that laying the groundwork for an enduring self-sufficiency through sufficient reserves is more important than setting an exact date. Therefore, that is our main objective.

The term self-sufficiency should be interpreted in its more general sense, without speculating on types of by-products or of petroleum, as has been done at times.

[Question] The amounts and volumes of imports showed an increase during the first quarter of this year in comparison with the same period last year. How do you explain that increase? Has production declined? Was a new import system used which caused larger volumes to be brought in during the first quarter of this year?

[Answer] An explanatory press release issued by the State Secretariat of Energy a few days ago (in response to the comments from various news media) expanded upon the information provided by the same Secretariat regarding the imports for the first quarter of 1980. Therefore, it should be reiterated that, although an additional 397,000 cubic meters of oil was brought in between January and March, the crude supplies also increased by 450,000 cubic meters during the period; and the supplies of by-products showed an increase of about 700,000 cubic meters in all. This means that the largest imports were for supplies, and that the increase in demand was met by the larger native production of crude. The unstable international oil situation has made it logical for us to promote the maintenance of good supplies of both crude and products.

[Question] What is the estimated volume and composition of imports for the rest of the year?

[Answer] We estimate that the volumes to be imported during 1980 will amount to approximately 2.5 million cubic meters of petroleum and about 600,000 cubic meters of by-products. Those amounts, which account for 10 percent of the demand, would enable us to end the year with moderate supplies. At the same time, we would be exporting something like half a million tons of fuel oil, which are surpluses from the spring and summer seasons.

[Question] Can the expenditures for oil imports be blamed not only on the higher international prices, but also on the difficulties faced by Argentina in arranging more advantageous prices in operating on the spot market? What is the status of the negotiations started with Iraq for oil supplies?

[Answer] In comparison with 1979, the price of oil imports increased proportionately more than the volumes, despite the fact that over half of the crude received has now been bought at "official prices" by Government Oil Deposits. In this respect it should be explained that the cost of crude imported on the marginal market was \$110 per cubic meter-CIF plus taxes-during the first quarter of 1979, as compared with \$190 per cubic meter for the "official market" and \$270 per cubic meter for the marginal market during the same period in 1980. According to contracts that have already been concluded, during the year Government Oil Deposits will purchase 1.5 million cubic meters of oil at official prices.

[Question] What is the share of the imports in the balance of payments? Is it anticipated that this percentage will decline?

[Answer] At current prices, the total imports of petroleum and by-products, natural gas and liquid gas would amount to about \$1 billion, approximately 15 percent of our total imports. Of that total, \$730 million would be for petroleum and by-products.

In fact, there is reason to expect that the volumes to be imported will decline with the passage of time, so long as the tendency for production rise more than consumption continues. Petroleum extraction is increasing at a rate of over 5 percent per year, whereas it is anticipated that, during

the next 5 years, the consumption of liquid petroleum by-products will increase at an annual rate of 3 percent. Concurrently, the opening of the propane and butane extraction plant in General Cerri this year will make it possible to reduce by a half the liquid gas imports, which will virtually disappear when the West Central Gas Pipeline which will start operating within 2 years goes into service.

[Question] How do you reconcile the policy of self-sufficiency with the reduction noted in the number of wildcat wells, even considering the fact that better results were accrued in 1979 than in 1978, but that those levels were 45 percent less than in 1977?

[Answer] The implementation of a complete policy for the sector cannot be gaged by a single factor, without analyzing the context. The opening that occurred after the passage of the Law on Risk Contracts, for example, whereby large amounts of private capital have been and will be invested to supplement the activity of Government Oil Deposits, is a major contribution aimed at reinforcing the activity being carried out by the country in the areas of exploration and extraction.

As for the reduction that has been cited, it behooves us to point out that, in order to drill with greater chances for success, it has been our express desire to begin a phase of reprocessing and reinterpreting the existing information, and of mass-scale procurement of additional seismic data. Even with fewer wells drilled, it should be emphasized that we have managed to reverse the downward trend that has been appearing in proven reserves during recent years.

[Question] Do you think that the current price of hydrocarbons is on a level commensurate with the costs? What is the price policy established by the Secretariat of Energy?

[Answer] The process begun in 1976 discovered that the system of costs organized under my direction, when I was the company's general administrator until 1970, had been abolished. It should be made clear: Not only was it not being used, but all the records had disappeared. We are now completing the preparation of a new one. Without absolutely exact figures, it can only be claimed that, judging from the results of the bidding on exploitation and exploration that have been called for, the current prices should be somewhat lower.

As for the setting of the price policy, that is the responsibility of the Ministry of Economy.

[Question] What assessment can be made of the operations started since the enactment of the legislation on risk contracts? Which foreign companies are carrying out operations in accordance with Law 21,778, and which companies or groups have expressed an interest in joining in this type of activity?

[Answer] To date, companies of the leading rank in the world have been operating in the Southern Marine Basin, and they will be operating with five platforms by the end of 1980. Onshore, other foreign and Argentine companies have started and will soon be starting work. The results have been good, if we consider the fact that Law 21,778 has been in effect less than 2 years, and there has already been bidding on 14 areas. As you know, the bidding program is continuing, and now, in addition, the companies are being given advance information on the available areas.

[Question] Has any oil exploration and exploitation operation been conducted in accordance with the terms of Article 13 of Law 21,778, which calls for direct contracting?

[Answer] The prerequisites for that article have not been present to date.

Fluctuating Production Cited

Buenos Aires CLARIN in Spanish Economic Supplement 4 May 80 pp 6, 8

[Article by Guillermo Calisto: "A Factor in Sovereignty"]

[Text] Oil production, one of the leading factors in sovereignty, has shown a marked tendency toward stagnation during the 1970's. On the other hand, during the same period there occurred a sharp increase in the volume of crude imports, something which has increased the country's dependence on foreign nations, as one of the basic factors affecting economic growth.

If the analysis is focused on production levels, the slight growth that has occurred becomes clear. For example, the 22.8 million cubic meters extracted in 1970 rose to 27.4 million at the end of 1979. This represents an increment of only 22 percent for the entire decade. But, if the study is broken down, one finds that it was not until 1978 that the 1972 production level was surpassed, and only by 4.4 percent.

The production data for the last decade show the following progress: In 1970, 22.8 million cubic meters were produced; in 1971, 24.6 million (+ 7.9 percent); in 1972, 25.1 million (+ 2 percent); in 1973, 24.4 million (- 2.9 percent); in 1974, 24 million (- 1.6 percent); in 1975, 22.9 million (- 4.3 percent); in 1976, 23.1 million (+ 0.4 percent); in 1977, 25 million (+ 8.2 percent); in 1978, 26.2 million (+ 4.8 percent); and in 1979, 27.4 million cubic meters (+ 2.2 percent).

This indicates the constant fluctuations experienced in Argentine oil production throughout the 1970's which, logically, and despite the slight industrial growth occurring during that period, caused the country to evince increasing dependence on imported crude.

In the latter instance, just one figure suffices to corroborate the assertion. In 1970, oil imports represented an outlay of \$31.2 million; whereas in 1979

that expenditure increased to \$353.5 million in the same currency; representing a hike of 1.033 percent.

Hence the plans to achieve self-sufficiency are being postponed, and that goal seems increasingly remote. Because, although the increased expenditures for crude imports may be blamed on the energy crisis and the rises in world oil prices, it is obvious that a 1.033 percent increase in the outlays for this item cannot be blamed entirely on this phenomenon, but a considerable part of them is due to the gap between the domestic requirements and production.

The import figure for last year of \$353.5 million is definitely higher than that for 1978, when the outlays totaled the already sizable amount of \$218.9 million in that currency. In other words, there was an increase of over 50 percent in 1 year; and it is obvious that the international prices did not increase that much.

And this gap is occurring at a time when the country's self-sufficiency in oil (a goal attained only at the end of the 1960's) appears most essential to any nation attempting economic expansion without dependence; and it is a well-known fact that oil is a critical factor in this plan.

Backing for private enterprise and a policy of real expansion in the petro-liferous area (greater exploration, discovery of new reserves and the drilling of a larger number of wells) are the foundations for achieving this goal, which has appeared far removed from materializing to date.

The government authorities estimate that self-sufficiency in oil will be attained in 1982. But this target has been subject to constant postponements, and we shall have to see whether this happens again. The increased import volumes registered last year prove that a great effort will have to be made during the years to come.

YPF Revenue Down

Buenos Aires CLARIN in Spanish Economic Supplement 4 May 80 pp 8-9

[Interview with Eng Carlos Benaglia, head of Government Oil Deposits; date and place not given]

[Text] The head of YPF [Government Oil Deposits] made comments on the prices of hydrocarbons in Argentina, and remarked that the revenue of the oil companies operating in the country "is appreciably less than that accrued in other parts of the world." Eng Carlos Benaglia also gave details of the company's short and medium term plans, predicting that they call for drilling 900 wells in 1980; and he examined the reasons for the increase of up to 690 percent in imports of light sections. Following are engineer Benaglia's responses:

[Question] What are the prospects for 1980 in the area of contracts, production, imports and exports, drilling and peripheral private ownership?

[Answer] The bidding schedule for 1980 calls for the opening of seven of them as risk areas, and six as exploitation areas. At present, there are 26 assigned exploration areas, two in the process of contracting and one in the state of adjudication. With regard to the risk areas, at the present time seven of them have been assigned, four are in the process of contracting and two are in the state of adjudication.

[Question] During 1980, about 28 million cubic meters of oil will be extracted, and 8 billion cubic meters of gas will be delivered to the state gas company.

[Answer] The imports planned for 1980 will amount to 1.45 million cubic meters of oil. The final figure will depend on the shipments scheduled for the end of the year, with Iraq and Saudi Arabia: 200,000 cubic meters of auto gasoline, and exports of 700,000 cubic meters of fuel oil, 80,000 of gas oil and 200,000 tons of residual coal. It is also expected to export propylene tetramethyl and paraffins.

As for the drilling plans, they call for drilling approximately 530 wells, through administration and contracts, 110 additional development wells with a line of credit from the Bank of the Argentine Nation, and 260 wells to be drilled by private companies in areas under exploitation contracts. Therefore, it is planned to drill about 900 wildcat and development wells during the year.

With regard to the peripheral private ownership, the policy established by the company's board of directors has continued to be implemented, with emphasis on the aforementioned contracts, those relating to the area of exploration to secure geophysical data and process it.

In the production area, 36 percent of it will be accrued through the intervention of private industry; and, in addition, there will be repair and stimulation of auxiliary wells and services, such as the installation of pipework and the transportation of personnel.

In the area of industrialization, many private companies have become incorporated into the maintenance and repair of the existing processing units. At the present time, the maintenance of the dodecylbenzene chemical complex and that of the lubricants complex in the La Plata Refinery is being provided in this way, as well as for other major facilities, such as the electrical powerplants. Private industry is also being used for the repair of operational units during the scheduled work stoppages, and for the chemical cleaning of boilers and interchangers.

Finally, in the marketing area, the transfer of mechanical service for suppliers and the distribution of bulk fuels and canned products through

highway transportation are continuing. With the repeal of Decree 632, all the facilities which were affected at the time have been returned; which meant restoring between 25 and 30 percent of the market to private dealers.

Debt

[Question] What contribution will the entity have to make to the treasury in 1980, and how might the contributions affect the development of the company?

[Answer] In 1980, apart from the general taxes, no other contribution will be made to the National Treasury. This places YPF on an equal footing with the other private corporations. The general taxes are provided for in the 1980 budget, and hence they will not have any unforeseen effects.

[Question] What is the financial status of YPF, and the debt that has been allowed? Could the restrictions in this regard limit the programs for this year and those to follow?

[Answer] The financial situation is normal. There are no debts or bills to be paid, and the terms for collections improved between the end of 1978 and 1979.

There is fluidity in obtaining domestic bank credit at interest rates lower than those on the market. As for the short and long-term external loans, there are no problems with them either. Insofar as the debt is concerned, the "assets-liabilities" ratio has improved, moving from 58.0 percent as of 31 December 1978 to 55.3 percent as of 31 December of last year.

The debt limit is set each year by the Ministry of Economy at the level necessary for fulfilling the plan of action and the respective budget for investments and expenditures. The level of indebtedness authorized by the Ministry of Economy will make it possible to fulfill the plan of action set for this year. There is no reason to expect any change in this policy in the future.

[Question] Are there political prices for hydrocarbons, or could it be said that there are no inconsistencies at present? What would happen if we compared these prices with those of the oil-producing countries?

[Answer] First of all, it should be remembered that the prices of hydrocarbons in our country are set directly by the national economic authorities. As a result of this, it does not seem pertinent to embark on an exclusively sectorial analysis of the present price policy, inasmuch as its underlying guidelines relate to an overall economic strategy.

The final sales prices of liquid fuels in effect in Argentina are, generally speaking, and understandably, higher than those prevailing in the countries which are major oil producers and exporters, with approximately comparable economic structures (such as Mexico and, to a lesser extent, Venezuela).

However, the Argentine prices are still below those in effect in the majority of industrialized nations. In any event, it should be explained that (apart from price levels) the revenue of the oil companies operating in our country is appreciably smaller than that accrued in other parts of the world; which is due mainly to the existence of smaller margins of retention.

Increase in Imports

[Question] Of the total imports of hydrocarbons in 1979, what proportion, and what volume are represented by crude, and by motor gasoline, gas oil and aircraft fuel? To what extent did these volumes increase in comparison with previous years?

[Answer] The total hydrocarbon imports made by YPF in 1979 was 2.61 million cubic meters.

This volume includes 1.487 million cubic meters of petroleum; 563,000 cubic meters of gas oil; 310,000 cubic meters of motor gasoline; and 250,000 cubic meters of aerokerosene; amounts which represent 56.9, 21.6, 11.9 and 9.6 per cent of the total volumes imported, respectively.

[Question] The previous question was asked because we have the impression that if the imports of light sections were converted into equivalent crude and added to the rest, they would amount to sizable volumes. If this were so, why was not equivalent crude purchased, with the refining capacity that the country possesses?

[Answer] Our country has no shortage of any petroleum by-products, but rather suffers from a relative shortage of light and intermediate fuels; and it anticipates increasingly large surpluses of heavy fuels.

This is why the unmet needs for fuel cannot be fulfilled exclusively through imports of crude; just as it is impossible to attain self-sufficiency through a mere increase in petroleum extraction alone. To change this situation, YPF is considering a policy aimed at attaining a larger proportion of light and intermediate products from processed crude or from the reprocessing of surplus fuel oil, through improvements in the operating capacity and sizable investments in its refineries.

This policy has already resulted in maximum use of the company's conversion capacity. But, of necessity, owing to the magnitude of the changes to be made in order to increase it, a lengthy effort (which we are already making) will be required to achieve a definitive solution.

Meanwhile, it is inevitable for inconsistencies such as you mentioned in your question to occur, although they will surely not be of such great magnitude; because a series of unforeseen events which affected YPF in particular contributed to this.

Last year, Argentina, forced by circumstances, had to make some decisions of a policy nature. At the end of 1978, the incidents in Iran and the Beagle occurred; there was unusually large consumption, because of a desire not to be weakened logistically. And, added to this was the fact that, in mid-1979, there was a heavy demand for gas oil for the internal combustion powerplants, which receive nearly all their supply from YPF.

If one considers the fact that, during 1979, the international oil market operated in a crisis situation, wherein it was far more difficult to purchase crude at acceptable prices than to buy finished products, we should not be surprised that this expedient was resorted to in order to cope with the situation that has been described.

Nevertheless, and to underscore the magnitude of the imbalance, we had to export fuel oil so that the accumulated surpluses would not exceed the maximum supplies that could be managed. The latter is true because, although there was a usable processing capacity, there was not sufficient conversion in the industry to produce light fuels.

In 1980, after the important agreements signed with Iraq and Saudi Arabia for crude supplies at OPEC market prices, the barter accords with PETROBRAS [Brazilian Petroleum Corporation] and those for processing by private companies, it was possible to make a substantial change in this situation; and now the figures for the first months show that the net imports of by-products have been reduced to a minimum portion of the total imported.

Finally, it should be borne in mind that the policy of increasing inventories coincided with that adopted by the International Energy Agency (IEA), which includes the 20 most economically developed nations of the West and Japan which, during 1979, increased the supplies of petroleum and finished products by approximately 11 percent.

Private Sector Representative Comments

Buenos Aires CLARIN in Spanish Economic Supplement 4 May 80 pp 10-11

[Interview with Dr Ricardo Grueneisen, president of Astra CAPSA; date and place not given]

[Text] "Today, Argentina is one of the few countries with a sizable domestic consumption which produces a volume very closely approaching self-sufficiency in its own territory. Only two countries share that privilege: Mexico and the USSR. Until recently, Canada would have had to be included as well, but owing to excessively regulatory and statist approaches, it has started to reduce its production, and now it is an outright importer, as a result of the discouragement that these measures have caused among Canadian business owners." With this frame of reference, Dr Ricardo Grueneisen, president of Astra CAPSA, defined the international context.

Crude oil consumption for 1980 has been estimated at about 30 million cubic meters, 26.5 million of which will be supplied by local production and the rest through imports. However, the figure on consumption should be studied carefully, because it shows a stoppage in comparison with preceding years. It should be recalled that, up until the 1973 crisis, local consumption had increased at a rate of 7 percent per year; but, since then, the rate has declined to 4 percent. The last few years, on the other hand, have shown a halting consumption.

This is a result of three essential reasons. First, the effect of higher prices, which should be considered a positive aspect, because it forces avoiding waste. Secondly, the replacement of the use of oil by gas; and, third, the recession that exists in certain industrial sectors. In the future, only this latter aspect appears to be reversible; with Argentina again matching the rate of increase in worldwide consumption. But it now stands at a rate of 2 percent per year.

[Question] What is the current status of the projects in which Astra is participating?

[Answer] At the present time, the exploitation in Canadon Seco and Meseta Espinoza is fully under way, and the terms of the contracts for Rio Tunuyan and for the gas bearing deposit of Lindero Atravesado, in Neuquen, are also being fulfilled, all of these under the responsibility of YPF.

In association with Amoco and Perez Companc, we are engaged in exploration work in Manantiales Behr, the exploitation of which we estimate as starting about the middle of the year. Moreover, we are still producing in our old deposit on Kilometer 20, in Chubut. To summarize, the company's contribution to production stands at 2,000 cubic meters per day, which we shall increase as the drilling and secondary recovery work planned for the aforementioned areas up until 1982 is completed.

Insofar as the Southern Marine Basin is concerned, we have won the bid for the exploration of 25,000 square kilometers of area in the middle of the South Atlantic Ocean, facing Tierra del Fuego (in association with Esso, Perez Companc and Cadipsa). Based on the seismic studies that have been made, there are well-founded hopes of discovering on our continental shelf sizable oil and gas bearing deposits, which could have a very positive effect on the future economic and geopolitical status of Argentina. Within a few months, we shall begin exploring with the use of the General Mosconi platform; a task that we calculate as taking 2 years.

[Question] With what criterion does the private company agree to the terms of the risk contract?

[Answer] The main criterion is that of risking intelligently. You have the example of Esso, which assumes the risk in many areas simultaneously; but with two or three successes, it is compensated. In our case it is somewhat

different. First, because of their scope, the off-shore explorations must necessarily be directed by foreign firms, which will eventually be those operating at the time of exploitation. Astra, like the other local firms, participates to a suitable extent.

In our case, the risk of a failure is covered by the results of the normal exploitation in our other activities. This is an advantage stemming from our status as an integrated company, which has facilities ranging from its own depots to pumping stations and a system of service stations (in the south), and including a refinery, transport vessels, a storage plant and participation in contracts for exploitation and drilling.

As for the risk contract per se, it is a little early to voice judgments; we shall have to wait until later.

[Question] But the cash payment for the product has already brought objections. Isn't this so?

[Answer] It so happens that the law is dubious in certain respects. Note the fact that the payment for the oil that is extracted will be assessed by the government on the basis of import prices; and if they do not exist, it will accept an estimated amount. This could lead to misinterpretations. There is no single price on the world market. If we are guided by OPEC, every country has its own price; not to mention the differences with the "spot" market.

[Question] What is the condition of the equipment in the local companies?

[Answer] Insofar as drilling equipment is concerned, we can compete with any international firm. As for secondary or tertiary recovery, and special jobs in general, we are at a disadvantage. However, I consider the government's commitment to authorize the importing of equipment for off-shore exploitation important, because the granting of certain benefits is warranted owing to the type of undertaking. This obviously evokes the resistance of the local equipment suppliers; but we must consider the fact that obtaining our supplies from them would mean more than doubling our costs. In any event, everything depends on the conditions that exist at the time when the off-shore exploitation begins; not until then shall we know the extent of the problem.

[Question] Have the results of the exploration in the marine basin placed any limitations on the goal of self-sufficiency?

[Answer] I think that the self-sufficiency should be achieved from the on-shore production. That is, maintaining a rate of 1,000 wells as a minimum to be drilled for exploration, followed by the pertinent exploitation work. The off-shore discoveries, on the other hand, should play the role of reserves for the future, and gage the prospects for exporting. During the past 10 years, the reserves have remained stable at 400 million cubic meters. I think that, with the new prospects, that one-to-one ratio between discoveries and consumption should be broken. The increase in international

prices has made it possible for many areas which were uneconomical in the past to become interesting.

However, the local companies face another risk. They run the risk, if the increases in internal costs continue to climb even exceeding the price of oil, that production costs may approach the sales prices agreed upon with the government. Then, within a short time, we would be confronted with strangulation for lack of operating margins.

National Chamber Official Queried

Buenos Aires CLARIN in Spanish Economic Supplement 4 May 80 p 10

[Text] "Although the Risk Contract Law introduces some kind of stimulus for exploration, there have been difficulties in implementing it; owing mainly to the fact that the government has not made an absolute determination in certain aspects," was the comment made by engineer Efren M. Paramio, executive director of the Chamber of Argentine Oil Companies, upon being questioned on the subject.

The aforementioned Chamber represents the oil companies in the national capital, and was founded in 1976, the year when the local companies made their massive incursion into the oil exploration and exploitation contracts.

Engineer Paramio emphasized that, "The tax benefits and importing of goods still lack proper regulation in the articles of the law calling for them," something which impedes their actual implementation.

This point was stressed by the representative of the private firms because of the need of the oil companies to import equipment, in order to cut costs.

"The supply industry that exists in the country is only incipient. To create a legal structure to back it would mean running counter to the philosophy of the economic leadership itself. Moreover, the existence of the local sector geared to supply the local market, which is very small, would be unjustified."

Upon being asked about the progress of the work in the various oil-bearing basins, engineer Paramio stated emphatically: "The on-shore work is being completed in accordance with the guidelines set for this year; and the programmed production has even been considerably exceeded." As for the future YPF bids, he cited "the good judgment used by the state enterprise in this regard;" adding: "However, I doubt that the Las Brenas deposit, in the Chaco-Parana Basin, in particular, will attract the interest of the local companies. It is an area wherein not much exploitation work has yet been done, and the results accrued to date are not very optimistic. Nevertheless, maybe the foreign companies will show some interest, if they are offered attractive terms. The North American firms in particular are the ones with the greatest tax benefits, because they can deduct in their country all the expenditure on investment that they make here."

Finally, with regard to the status of the drilling for 1980, engineer Paramio estimated that 900 wells would be drilled, including YPF and the contractors. He said: "This is a low figure, but it has been arrived at from the low level of exploration shown during the 1970's. In this regard, it is important to point out that, by the end of the year, there will be from three to five platforms operating in Argentina's southern sea. With this and other contributions, I think that the goal of self-sufficiency by 1982 is a likely one."

Inflation, Price Increases Discussed

Buenos Aires CLARIN in Spanish Economic Supplement 4 May 80 p 12

[Article by Federico Bernardez: "Guidelines for Price Indexes"]

[Text] At the end of last year, when the guidelines that were to direct the conduct of the leading macroeconomic variables were established, it was estimated that the inflation rate would stand at about 50 percent per year, gaged between the months of December of each year. This forecast was equivalent to an average inflation rate of 65 percent for the year, and a cumulative monthly rate of about 3.4 percent.

This hypothesis is the one which served as the basis for the calculation of revenue and spending in the budget, and originated from the optimism of the economic leadership about the future evolution of inflation, in view of the decline in the rate of increase in prices during the final months of 1979.

Structural Factors

But that drop in the inflation rate was not the result of the elimination of the structural factors which caused it, but rather the result of the confluence of several incidental factors: the stabilization of prices of beef (stemming from a particular phase of the livestock raising cycle), after July and August 1979; the maintenance of levels of real income of wage-earners at a low rate; the real reduction in rates for public services; and, finally, the greater pressure from imported products which put a ceiling on the rate of increase in prices of the goods which are marketed internationally. That greater importing pressure was achieved through a strong depression in the real rate of exchange and a widespread reduction in the levels of legal protection for domestic production.

Optimistic Hypothesis

In this context, the official hypothesis regarding price increases was thought to be extremely optimistic; because any of the factors which had afforded the drop in the inflation rate could have the reverse effect throughout 1980, although it was estimated that some reduction in the inflation rate would have to occur.

Added to this was the fact that the drop in interest rates was slower than that in the inflation rate; as a result of which real interest rates were higher.

External Pressure

In this way, another component which could press for an increase in prices was added. The greater inflationary pressure from abroad which, as a result of the international crises, was threatening to become increasingly intense, could operate in a similar manner.

Finally, it was estimated that the declining inflexibility shown by the rate of increase in prices of goods not marketed internationally might introduce an additional inflexibility, which would vastly impede the decline in the inflation rate.

Declining Inflexibility

Now that the first 4 months of the year have elapsed, the behavior shown by the various price indicators tends to confirm the fact that the official hypothesis was extremely optimistic, and that the inflation rate is evincing a more declining inflexibility than anticipated.

In fact, and taking an indicator of the inflation rate of a composite nature, resulting from the computation of two thirds of the variation in wholesale prices (which have shown a slighter increment during the past 6 months) with a third of the retail prices; one can observe that, whereas, during the final quarter of last year, the rate of variation in prices amounted to 9.7 percent, during the first 3 months of 1980 it rose to 15 percent, which is equivalent to cumulative monthly rates of 3.1 and 4.8 percent, respectively.

An explanation for this acceleration in the inflationary process lies in: a. the increase in external prices; b. the real increase in rates for public services; c. the effect, though declining, of the positive rates on real interest rates; and, finally, d. the declining inflexibility of the rate of increase in prices of goods not marketed internationally, which retained their previous tendency to increase at a rate higher than that of other goods.

Outlook for 1980

The outlook for the remainder of 1980, at the moment, indicates that the official hypothesis concerning inflation will not be fulfilled. This means, among other things, that it will be necessary once again to revise the nation's budget for spending and resources.

The fact that the official goal is impossible to attain is demonstrated by merely considering and agreeing that prices will increase during the remaining 9 months, depending on the result of the rate of devaluation and the international inflation. This assumes that the monthly increase in prices should

be adjusted at a rate of 3 percent; which means not only dropping from the level of 4.8 percent during the first quarter, but also increasing at a rate lower than what had been originally planned, namely, 3.4 percent. Even if one agrees that this goal will be attained, the average inflation rate would rise from the original 65 percent to a minimum of 75 percent.

Additional Accelerating Factors

Moreover, one cannot reject the possibility that this level of the inflation rate could be raised by another push from the prices of meat products; an inevitable raise in the income of wage-earners, the lag in which is increasingly obvious; a rise in the real rate of exchange if there is a continued accelerated deterioration in the balance of payments, and if there is an attempt not to experience economic paralysis as a result of the avalanche of imported goods, and the difficulties in exporting; and, finally, a new outbreak of external inflationary pressure. In this context, it may also prove impossible to avoid the effects of an increase in real interest rates.

To summarize, it will be extremely difficult, if not impossible, to attain rates of increase in prices amounting to less than 4.5 or 5 percent per month, during the remainder of 1980.

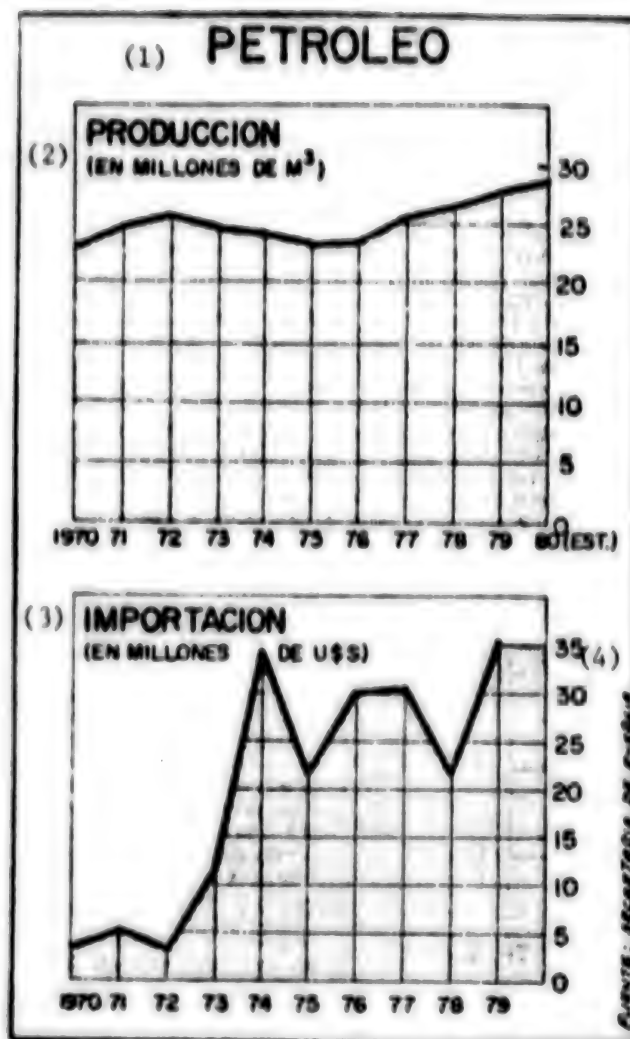


Chart I: Whereas oil production has shown a slight increase during the past 3 years, imports of crude increased substantially in 1979.

Key:

1. Petroleum
2. Production (in millions of cubic meters)
3. Imports (in millions of U.S.\$)
4. Source: Secretariat of Energy



Chart II. The graph shows the change in prices of the leading fuels during recent years

Key:

1. Variation in Fuel Prices
2. \$ per liter
3. Premium gasoline
4. Gas oil
5. Diesel
5. First 4 months

2909

CSO: 3010

IMPACT OF LABOR LEADER'S RELEASE REVIEWED

Peronist Leaders Feign Unity

Buenos Aires LA CONVICCION in Spanish 24 Apr 80 p 10

[Article by Carlos Fernandez: "In the Peronist Party Leaders Think in Terms of Division While Invoking Unity"; passages in slantlines printed in boldface]

[Text] The general attitude among Peronist leaders appears to be /"to divide while calling for unity to further one's own aims."/ At least it seems to be true that, while claiming to pursue Peronist unity, internal factions have recently been proliferating. Thus /the whip of unity/ — this is what we have to call it until concrete results in some social class can be evaluated — has served to produce readjustments among leaders as a result of the aim of some of them to assure themselves a measure of power and room for maneuvering that would permit them to harbor some sort of hope in their dealings with the Armed Forces at this point in the dialogue, inside the Peronist Party, which is certainly complicated, and in their contacts with other political forces.

Moreover, natural castoffs have resulted from the dynamic contradiction we have been witness to between /"those in favor of a dialogue"/ and /"the intransigents"/ in the political factions that are not "intimately" involved in the process. Within the Peronist Party, for example, there are those who do not wish to engage in a dialogue with the military government (a few) and others who will not be invited to do so. But there are also those who feel they are in a position to be called on to discuss matters with the minister of interior. And it is precisely within this fringe element that new developments considered to be of importance inside this party have, in the past few days, materialized.

The possibility that the government may invite someone from this faction to engage in the dialogue has been under discussion in quite a few Peronist circles. In almost all cases, the response has been the same: yes. But the differences of opinion crop up about the question of which person or persons might be called on by the political minister. Could Chaco first

vice president of the Peronist Party, now acting president, Deolindo Bittel, be one of those invited? In its sensitivity, the military government still very vividly remembers the paper that political leader presented to CUBI members and the party communique that was issued concerning the dialogue. Then too, there are important elements in power that do not look with approval on activities in promotion of Bittel developed by ex-Senator Vicente Leonidas Sandi, whom some reports associate with an attempt to create a /"neo-Campora movement"/ within the Peronist Party.

But in view of the question, about which there does not yet appear to be an official response — and there are no indications in what has happened that would permit us to establish norms of behavior because we do not even know when and how the dialogue with the Peronist Party will be engaged in — the Peronist elements /"in favor of a dialogue"/ seem to be trying to form a faction that would offer a greater feeling of power and coherence with the outside world and, if the opportunity should arise, would simplify the military government's choice of a participant in the dialogue.

Force and Unity

It was in terms of this situation that, a few days ago, the Peronist Unity Force (FUJ) was created through a communique issued by Dr Francisco Figuerola, former undersecretary general to the president during the last Peronist administration, for the purpose of uniting the efforts and determination of the most /illustrious/ elements of the "antiverticalist" or "dialogue-favoring" factions of the Peronist Party, even though its members have from the start shown themselves to be opposed to labels of any kind .

The above-mentioned meeting was accomplished through the effort made by Figuerola himself, Jose Maria Castaneiras de Dios (both of whom have solid church contacts) and Angel Federico Robledo. /The first two maintain a very good relationship with the founder of the People's Athenaeum, who was on several occasions a minister, and most of the members of that organization — including Robledo himself — have joined the FUJ./

/As in Figuerola's communique,/ about 40 persons were named, among them: Italo Luder, Alberto Rocamora, Julio Romero, his son, Humberto Romero, Ernesto Corvalan Nandarez, Manuel de Anchorena, Manuel Torres, Mario Franco, Ricardo Guardo, Ferdinando Pedrini, Hugo Mott, Norberto Agrelo and Roberto Grabis, among others.

In the various statements that were made, there was agreement that it was not the faction's intention to replace the party's current legal leaders. Party unity was repeatedly advocated "in order to create the conditions [necessary] for members to be able to elect leaders on the basis of internal democracy when the Political Parties Statute is passed" and "the need for indispensable unity among the people, the church and the Armed Forces" was stressed.

After these basic statements, they went on to the election of officers and unanimously — to his surprise, as he later admitted — elected ex-Governor of Corrientes Julio Romero as coordinator. Of course, this agreement was not repeated when it was proposed that Romero be assisted by an advisory group of five members, three of whom were notorious /"supporters of Robledo."/ The ex-governor proposed that /"all friends present"/ be considered as an advisory council. Since there was no common agreement, someone proposed a vote which led to a deliberative measure that made Robledo himself intervene in favor of Romero.

Why Romero?

The election of the ex-governor of Corrientes as coordinator of an anti-verticalist faction of /"notables"/ introduces a name into the complicated leadership equation of Peronism which, while not new, is making its public appearance on the scene in the capital where matters of importance appear to be decided.

And there are certain characteristics of Romero's that must have tipped the scales in his favor in this venture. For the time being, he is a man with his own power (he has political prestige in Corrientes), a distinctive element which, in the new faction, ex-governors Mario Franco and Hugo Mott to a lesser extent share. Furthermore, he has a lot of top-ranking military ties which endow him with a special /"brilliance"/ in the Peronist Party. Moreover, he has a solid economic position, something which is of help when he "politics." Romero is part of the industrial group purchased by Noel, whose vice president is his son, Humberto. And to boot, this would appear to be introducing a new factor into the more and more weakened relations of a group of Peronist leaders who are not willing to give up their personal desires. This is how it seems to be thus far.

A Theory

In some Peronist circles, they have attempted to explain this irruption by the ex-governor, something that was presumably established at Punta del Este last summer. This explanation way back then pointed out that for tactical reasons (and due to certain health problems) Robledo had given up his intention of becoming the Peronist Party's /"ambassador"/ to the Armed Forces. And so, an alternative was skilfully prepared which contemplated the appointment of Romero to this unofficial position and the undisputed permanency of Bittel in office as vice president of the party until such time as new leaders are chosen following promulgation of the Political Parties Statute.

This being the case, it appears that Romero accepted the proposal. Not only because of the position he makes a show of in the FUJ, but because he decided to set himself up in the federal capital where, moreover, he has opened an office on Calle Tucuman.

Nothing is known about what Rittel had to say. But just hours after the creation of the faction, the party leader from the Chaco and Lazaro Roca issued a communique warning against "the attitude of persons or groups that without any right to do so seek to take over the representation of the party."

/With things as they are, everything seems to point to the fact that, in the face of this new attempt at achieving unity, the divisions continue to exist and run the risk of increasing. The fact is that everyone is thinking what might happen when they try to standardize the parties and new leaders have to be elected. For, in reality, what is being debated is this issue. And no one appears to be willing to give up anything./

Miguel's Political Plan

Buenos Aires LA CONVICCION in Spanish 24 Apr 80 p 10

[Article by Pascual Albanese: "Lorenzo Miguel Hones Details of His Political Plan in Bariloche"]

[Text] The freeing of Lorenzo Miguel, who as of yesterday will be resting up in Bariloche for a little while, profoundly moved political and union circles, which in general agree in asserting that the last UOM [Metalworkers Union] secretary general, whose home has during the past few days been turned into a pilgrimage center for many Peronist leaders, is prepared to assume a dominant role in the foreseeable reordering of the Peronist Party.

The reasons for this assertion are obvious. Miguel has served 4 years in prison without the initiation of any legal proceedings against him for having served as the head of the UOM and his long period of confinement has enabled him to avoid the natural attrition suffered by the union leadership since 24 March 1976.

When we recall the eclipse of Casildo Herreras or Victorio Calabro himself, who in 1975 attempted to challenge him for the leadership of the metalworkers, the political yield that Miguel derived from his prolonged captivity, much longer than that of other leaders who technically speaking remained at liberty and even at the heads of their respective unions but who in reality were prisoners of the political circumstances of those years, is obvious.

This peculiar situation is in reality valid for the leadership of the Peronist Movement. The different wings of what is referred to as /"antiverticalism"/ [in boldface], which during the Peronist Government's last term totally opposed Isabel Peron's leadership, that of Miguel in the union movement and the ruling party leaders in the specifically political domain, did not succeed in consolidating a replacement alternative.

As an inevitable consequence of this situation, antiverticalism has recently been losing the ground it had gained in the months prior to March 1976

during which it had gradually recovered through the leadership it claimed to have replaced and which is now in better shape to reassume the initiative.

A symptom of these developments was the weak echo produced by the meeting that formalized the functioning of the Reaffirmation of the Peronist Doctrine faction headed by Raul Matera, who is among others accompanied by Enrique Osella Munoz, Luis Rubeo, Alberto Iturbe, Oscar Albrien and Alberto Seru Garcia, who head the faction most opposed to the present leadership and do not conceal their interest in participating in the political dialogue adopted by the Casa Rosada.

At another level, Miguel has regained his freedom at a time when the differences noted at the top of the workers movement seem to require the appearance on the scene of a mediator capable of reconciling the different positions and overcoming the phase of weakness the union movement is currently going through.

But the head of the dissolved **/"62 Organizations"/** [in boldface], who well remembers the saying, "everything in moderation and harmony," does not appear to be ready to formulate spot analyses of the economic situation, rather to further the formulation of a strategic proposal that will serve the tiresomely slow pace that today marks Argentine politics.

From his first public statements, it is clear that he will not withdraw to his winter quarter since he has committed himself to "continue to devote all my efforts — as has always been the case — where and how our worker comrades and the National Peronist Movement command me to the job."

The fact that on the very morning of his release he visited the Villa Lugano local Metalworkers Union where he was received by its president, Alberto Oneto, hardly went unnoticed in the union world. Historically, Miguel belongs to the Buenos Aires local of the UOM, from which Augusto Timoteo Vandor came, now run by a team of new leaders headed by Ruben Marcos along with the very same Oneto and Anibal Martinez, a core group which many suspect will produce the union's next leader, with the foreseeable approval of the outgoing one.

However, Miguel's sights seem to be set on an objective of manifest scope: the recreation of the **"62 Organizations"** as an organic expression of the union faction of the Peronist Movement, from which organization he intends to assume political leadership over the worker movement and, at the same time, serve as its voice within the framework of the future Peronist leadership organization.

In connection with this, it is scarcely superfluous to point out that Miguel is still a stranger to the mosaic of Peronist political factions but does not hide his support of Isabel Peron, whom he has offered repeated expressions of esteem and solidarity. Communications between San Vicente and Villa Lugano are more fluid than many people suspect.

At the moment, there are reports that Miguel is preparing for a trip abroad under the pretense of making an international political tour. Although technically speaking there is no legal obstacle to his leaving the country, the matter has given rise to a certain uneasiness in official circles.

ARGENTINA

ADEPA ASSAILS NEWSPRINT PRODUCING PLANT

Buenos Aires CONVICCION in Spanish 26 Apr 80 p 9

[Article: "ADEPA Maintains That Newprint Is an Obstacle to Freedom of Expression"; passages in slantlines printed in boldface]

[Text] /"We cannot claim that we have freedom of the press in Argentina."/ This is the conclusion arrived at by the Argentine Newspaper Owners Association (ADEPA) in an article on that topic published yesterday in which it, however, admits that, /"during the past 6 months, greater respect for freedom of the press in the domain of government ideology has been manifested."/

The statement was unanimously approved by 52 of the organization's directors following 2 days of deliberations held at the Buenos Aires Press Club under the chairmanship of Carlos Ovidio Lagos.

According to ADEPA, improvement in the ideological domain has not been matched in the economic world /"where, contrary to all administrative regulations and respect for the Constitution, a contract marred by an irremediable invalidity, as is the case with the one entered into with Newprint, Incorporated, has been renegotiated."/

/Moreover, the statement says, /"a 45-percent tax, which exists nowhere in the free world and which is unconstitutional and compromises the existence of most of the nation's dailies and periodicals, has been imposed on the importing of newprint."/

The categorical statement by the association that comprises all Argentine newspapers — except for the dailies, LA NACION, CLARIN and LA RAZON, joint owners with the government of Newprint, Incorporated — went on to say that, "regarding newspaper information, Article 2, Paragraph a and Article 3, Paragraph b of so-called Security Law No 20,840 and Article 212 of the Penal Code constitute /unlawful attacks on the freedom of the press and should be revoked and replaced by regulations in keeping with constitutional guarantees and democratic principles."/

/The providing of information, the statement points out, /"as long as it is responsibly and truthfully expressed, cannot be confused with subversion or terrorism."/

This opinion is preceded by a compilation of events that have occurred during the past 6 months and which, in the opinion of ADEPA, have in some way interfered with the freedom of expression.

Without prejudice to the above-mentioned contract for the operation of the new firm, ADEPA feels that the terms set forth in it have not been complied with. In connection with this, it reminds us that, according to the contract, the newspaper produced by the San Pedro mill should be competitive in terms of quality and price with imported newspaper. It specifically states that a ton of Canadian 48.8-gram newspaper today costs \$419.69 at the source, which, when we add the cost of freight, insurance, consular fees, etc., /"and the unconstitutional 45-percent tax, loaded on trucks in Buenos Aires, comes to a cost of \$869 a ton."/

It adds that /"on 2 April the 52-gram newspaper/ (of inferior quality) /produced by Newspaper, Incorporated was worth \$790 a ton. But here,/ it goes on, /we must note that the difference in yield is equivalent to \$120.08 more per ton, which means that Argentine newspaper actually costs \$910.08 a ton loaded on trucks in Buenos Aires,"/ all of which, ADEPA says, /"demonstrates the higher cost and lower quality of Newspaper, Incorporated's product, which is not being adjusted to the essential terms of the contract."/

The Board of Directors also reported on negotiations engaged in with the nation's leaders to revoke the 45-percent tax /"to which must be added,"/ they remind us, /"the 3-percent consular fee, another 3 percent for recording fees and 12 percent of the value of the ocean freight, with now the addition of the excessive hike in port charges."/

In line with this, the resolution that was passed yesterday points out that /"these excessive taxes amount to overt, unlawful attacks on the freedom of the press, since they seriously interfere with the normal exercise of same, in opposition to the letter and the spirit of Article 32 of the Argentine Constitution."/

The plenary session resolved to approve everything undertaken by the Board of Directors in the negotiations carried out to "see to it that an unconditional stop be put to the tax measures imposed by the Ministry of Economy, which /discriminate against Argentine newspapers/."

We were informed that the president of the official news agency, TELAM, Col (retired) Rafael de Piano, who reported on the meeting recently held in Damascus, Syria, in which various Latin-American and Arab-nation agencies participated, also attended the ADEPA meeting.

11,466
CSO: 3010

TRACTOR PLANT LAYS OFF 400 WORKERS

Buenos Aires CLARIN in Spanish 25 Apr 80 p 2

[Passages in slantlines printed in boldface]

[Excerpt] The Deutz Tractor Factory in the Buenos Aires [province] town of **Raedo** /has laid off 433 workers, to be put into effect in two waves, the first of which will go into effect this coming 28 June/, according to information received from labor-union sources.

The firm's decision, which is presumably due to a drop in sales, was the reason behind a meeting held yesterday at 1630 hours by a delegation of 60 representatives of company employees at the Plaza de Mayo to hand over to the president, Lt Gen (retired) Jorge Rafael Videla, a petition signed by 982 workers in which they request his intervention in the face of the situation the automobile company, which /has also decided to suspend production this coming June and July/, finds itself in. It has already laid off about 100 administrative employees and staff, the sources added.

"You ought to know, Mr President," the note points out, "that /we are 1,300 families who depend directly on Deutz of Argentina, in addition to the 1,471 families who work for the companies that supply it and all the concessionaires located throughout the length and breadth of the country, whose workers, who are our comrades, are worried about unemployment."/

The note was delivered to the admissions desk in the capitol by three representatives of the petitioners along with a 66-page file containing a complete documentation on the reasons the workers feel are behind the current situation the company, of German origin, is in.

"We look on with astonishment and hopelessness as our leaders take no steps to prevent this situation, /which we positively know can be resolved,/" adds the note, which was also delivered to the ruling junta yesterday.

Prior to presentation of the note, the representatives of the Deutz workers delivered a similar note to the labor attache and ambassador of the FRG Embassy in our country, Otto Bolch and Joachim Jasnicks, respectively.

The workers also made two visits to the bishop of the Diocese of Moron, Monsignor Justo Oscar Laguna.

/"The problem lies in the handling of the manufacturing industry and the country's parts suppliers and, secondly, in the financial reform and resulting handling of the farm sectors,"/ says a report the delegates of the Moron local of the Automotive Transport Mechanics and Associates Union (SMATA) sent to the press along with the texts of the notes sent to the different national leaders.

11,466
CSO: 3010

STATISTICS SHOW MEAT EXPORTS DECLINING

Buenos Aires CLARIN in Spanish 16 Apr 80 p 10

[Article: "Meat Exports"]

[Text] At the close of the first quarter of 1980 there was no change and even a worsening in the downward trend of foreign trade in beef exports. This is backed up by the data--not released officially but which nevertheless became known--of the National Meat Board relating to the March 1980 shipments.

On the basis of such estimates the total amount of meat exported in the third month of the year--despite the unexpected sale to the Soviet Union--reached only 36,000 tons while the aggregate volume for the first 3 months of 1980 totaled 135,000 tons. In both cases this represents the lowest figures in the past 4 years.

But the figures cannot be considered surprising. On the contrary, they are a logical outcome of a number of hardly encouraging facts for the meat industry and which its representatives have made known in various ways.

Since mid-1977 the firms in the sector have outlined--constantly with more intensity--their objections to the trading strategy resulting in the drop in ratio of earnings compared to internal costs and have clearly pointed to the difficulties provoked by the foreign competition of the meat-processing industry.

This circumstance was hidden for a while because of the acute liquidation cycle which, in parallel manner, affected the production of the livestock-raising industry. But it was sufficient for the drop in stocks to lead to a significant reduction in supplies in the livestock markets with the consequent price rises for the situation to reach its limit.

Up to August 1979 there had been 17 consecutive months during which shipments of meat abroad did not fall below 60,000 tons a month and, in many of those months, the figure easily exceeded 70,000 tons.

Beginning with the worsening of the negative indicators regarding the profitability of the meat industry a significant reduction was observed in Argentine beef exports. This fact manifested itself concretely in the closing of plants and in an abrupt drop in that sector's employment. A survey made recently among representative units of the meat industry disclosed that the number of workers employed in that sector has dropped by 38 percent in the past 18 months.

Following the explosion of livestock prices in the first 2 weeks of August 1979 the local market became stabilized very rapidly, in contrast to what used to occur customarily. In general, the high price cycles continued for some time.

What happened is that the conditions which characterize the two sectors accounting for the purchase of livestock products (consumption and exports) did not match those of earlier years. Neither one, by virtue of its scanty purchasing capacity--in the consumption sector because of the evolution of real wages and in the export sector because of the drop in the exchange rate--had or has the means to solve the problem of the rising cost of raw materials.

The leveling off achieved in this manner in the livestock trade has been represented as a success. However, the concrete results indicate the other side of the picture. The balance reached was secured thanks to cutbacks both in livestock production--which has been unable to recuperate fully from its earlier negative cycle--and in Argentina's share in the world meat market.

The extrapolation of the figures relative to the past 6 months (October 1979 to March 1980) would indicate the magnitude of the deterioration suffered in Argentina's participation in the international meat trade given that exports in 1980 may drop to about 540,000 tons. This figure is similar to what was exported in 1976 and is about 30 percent below that registered in 1978.

2662

CSO: 3010

BRIEFS

GUERRILLAS CAPTURED--Twelve guerrillas, including chief of various cells operating in Bogota, have been arrested and are being interrogated at the military institutes brigade. This station was told the names of the guerrillas arrested in different raids. They are Hernando Cruz Modesto, Olga Maria Cruz Modesto and Joaquin Ezequiel Garcia Tapia, alias Armando, Ignacio and (Quezada). They are all members of the National Liberation Army [ELN]. The following guerrillas are members of the Pedro Leon Arboleda group of the Popular Liberation Army: (Lismania) Salcedo Gomez, alias Carmenza, Ricardo Chiquito, alias Richard, Maria Teresa Ribero de Ribero, alias Marta and Patricia, Juan Manuel Ribero (Sabares), alias Alex, Jose (Aldemar) Rivera Acevedo, alias Pedro, Ana Isabel Ribero de Chiquito, alias Viena, Jorge Eduardo Cortez Sanchez, alias Tomas, and Jose (Jamir Chabur) Duran, alias Antoliv. Jorge Mendieta Caballero Cartagena, of the Revolutionary Armed Forces of Colombia [FARC], was also captured. Other people who had been arrested have been released for insufficient evidence. A court martial will soon be convened to decide the guerrillas' legal status. [Text] [PA171228 Bogota Cadena Radial Super in Spanish 2330 GMT 16 May 80]

CSO: 3010

CUBAN REFUGEES POSE PROBLEMS FOR COUNTRY

San Jose LA NACION in Spanish 22 Apr 80 p 14A

[Editorial: "The Problem of the Cuban Refugees"]

[Text] The problem of the Cuban refugees in the Peruvian Embassy in Havana has, without a doubt, taken on dramatic proportions and poses to the free world the moral obligation of cooperating effectively so that these people, held hostage by the regime, can leave Cuba and take up residence in other countries. From this point of view the effort made by the Costa Rican Government to contribute to the solution of such an anguishing problem by serving as a bridge for the redistribution of the refugees and by admitting 300 of them as residents, seems to us to be an act which agrees with our traditions and our humanitarian and democratic sentiments.

However, that notable contribution appears to have disturbed the Cuban Government, and consequently the air bridge has been cut off by Castro's order. The Cuban Government, in effect, has ruled that the Cubans must go directly, and not by way of Costa Rica, to each country which offers them permanent asylum.

In view of this sudden change in circumstances, the Costa Rican Government has offered to receive as residents all the Cubans--10,000 in all--who still remain in the Peruvian Embassy. We do not understand how Costa Rica, when the United States and other nations of the hemisphere demonstrated their wariness when the quotas were established can open itself completely, as if our economic and social situation were one of the best in the world. An immigration of 10,000 Cubans, although financed by ICEM [Intergovernmental Committee for European Migration], would immediately pose all kinds of problems for a country so small and at present so full of problems as our own.

These are not only economic problems and problems of providing sustenance and space--which ICEM offers to resolve--but also unforeseeable human, social and cultural problems, given the large number of refugees.

These vast numbers in a small country like Costa Rica would want to go to other places which offer greater possibilities for making a living, and the difficulties in finding room for them in those other places would create a situation which would be reflected in their conduct and in their public demonstrations, to the detriment of our peace and social stability.

President Carazo's government must have foreseen all this before making an offer which has left sensible Costa Ricans stunned. This was not our problem, actually. It was Peru's. However, everything appears to indicate that we are going to assume, without knowing who is going to pay for it, all the responsibilities and consequences.

A dose of caution and prudence could straighten things out without endangering the humanitarian contribution which all the Costa Rican people are willing to make within the reasonable limits of our capabilities.

8735

CSO: 3010

RELATIONS WITH CASTRO, REFUGEES DISCUSSED

San Jose LA REPUBLICA in Spanish 20 Apr 80 p 10

[Editorial: "Fidel, the Refugees and the Costa Ricans"]

[Text] Fidel Castro's order to keep from Costa Rica those Cubans who, fleeing the communist dictatorship, took refuge in the Peruvian Embassy in Havana serves only to show the red despot's disregard for human pain. The dictator knows full well that compelling the refugees in the Peruvian Embassy to travel directly to their countries of final destination is to needlessly prolong their suffering, because there have not even been enough offers to receive all the refugees and the receiving nations have not yet organized mass transportation for them. What Fidel is trying to do with his order is to maintain and aggravate the problem that has arisen in the small Peruvian area in the Cuban capital, where thousands of men, women and children fleeing toward freedom are still piled up.

The excuses used by the red dictatorship to eliminate the stopping place that Costa Rica had become are not acceptable. Fidel is trying to keep the world from realizing that there are myriads of people who, terrified of his government, are trying to escape even if they must face all types of suffering and deprivation to do it. He does not realize that his order will only increase the scorn directed toward his government. To the actions of this government which are compelling the Cubans to flee must now be added the one adopted to prolong the misfortunes of those who are ready to suffer hunger and insults in order to be able to breathe freely.

Costa Rica offered its soil as a transit station for the refugees because it is urgent to solve the problem of the 10,800 Cubans who, practically one on top of another, are waiting to leave the dictatorship. That solution was already being achieved with the airlift between the Jose Marti and Juan Santamaria airports, but the formula was stopped, and all the dictator has obtained is that the refugees will have to remain longer in the desperate situation in which they find themselves.

A campaign starts next Tuesday that, appealing to the Costa Ricans' traditional human feelings and their proven love of freedom, will try to do the utmost to help Cuban refugees who are taking in our country their first

step in search of the freedom they long for. We do not have the slightest doubt that the popular contribution will be generous because the Costa Ricans have never held back when they have been called to the aid of their brothers in misfortune and much less when, as in this case, this misfortune has befallen people because they were searching for those benefits which we enjoy thanks to the freedom which is our legacy from the builders of this republic.

Because we see it before our eyes, we know that the Cuban refugees arrive on our soil practically nude, hungry and without a cent to face their most urgent needs. That among them are children who have had no childhood and who have grown up without seeing a toy, lacking even the most insignificant sweets, and who, at a very young age must start a difficult trip in search of a land in which, like the promised land, they will have the milk and honey of freedom, respect for human rights and the possibility of worshipping God in their own way.

Costa Rican eyes will not remain blind or their hearts closed before the truly heroic act of facing anything to attain the dignity that corresponds to every human being: this is what those have done who have abandoned family and friends to face deprivation, anguish and an uncertain future in exchange for abandoning the cruel dictatorship of communist imperialism and to be able to breathe fully the air of freedom they crave.

The fact that the airlift between the dictatorship and Costa Rica has been stopped does not mean that our human obligations toward the hundreds of refugees that are already here have stopped. We must make sure that when they leave, each of them will carry with him the proof that the Costa Rican people really help anyone looking for freedom.

9341

CSO: 3010

NICARAGUAN JUNTA RESIGNATIONS CAUSE CONCERN

San Jose LA REPUBLICA in Spanish 23 Apr 80 p 8

[Editorial: "What Is Happening in Nicaragua?"]

[Text] The consecutive resignations of Violeta de Chamorro and Alfonso Robelo as members of the Nicaraguan National Reconstruction Government Junta give rise to a disquieting situation in the neighboring country, about which we have already had some reports which we are investigating.

We know for certain that many commanders, political commissars, and high-ranking military men who started the Sandinist Front and fought with it over a period of several years have fled Nicaragua on finding that the situation which is beginning to prevail there is not the one for which they risked their lives and for which they put up with indescribable suffering and privations.

Several of those who do not admit that the fall of the dictator, Somoza, has meant the advent of democracy for Nicaragua and who watch with terror as their country veers slowly but inexorably toward communism, have emigrated to Costa Rica after having been persecuted, imprisoned and tortured for their ideas by the pretorian guard they say is being organized by Commander Borgea, and they have not found here in our land the political asylum they have requested in many ways. On the contrary, they have found here the imprisonment to which our authorities have subjected them and the warning that they must not make any statements to the press, under pain of being expelled immediately from the country.

If the presence of Violeta de Chamorro and Mr Robelo on the Nicaraguan Government Junta meant a hope for freedom and democracy for the brother country, that hope has vanished with their resignations, and this further strengthens the alarming rumors of the ever-more-frequent protest demonstrations organized by the Nicaraguan people, which the G-2 and P-2 formed by the Marxist sectors which are integrated into Nicaragua's supreme command have violently suppressed.

We have always felt that the world must keep a watch on the Nicaraguan revolution, and that conviction is firmer than ever today, as reports come in that the jails are crammed full with prisoners, not all of whom are Somozists. In fact, a majority are former comrades who feel they

are being used by those who, after defeating the Somoziat dictatorship, are now trying to implant a communist dictatorship.

We have talked with high-ranking Sandinist officials who have had to flee for their lives to Costa Rica, and who are starving to death here because the government will not decide on their status. Some of them have been denied the political asylum they have requested; others have been denied residence or permission to work on the pretext that their status is uncertain, in spite of the efforts of UN agencies in San Jose which have given them some scanty and temporary assistance.

The government must, using the caution required in this case, decide on the status of these people, whose names we are withholding for reasons of their safety, because if on one occasion it aided those persecuted by Somoza, now it must aid those who are persecuted by those who overthrew him, once this circumstance is proven, which is easy. This must be done, because this is what our people want and demand, following a tradition which, fortunately, is a longstanding one in our country.

8735

CSO: 3010

COSTA RICA

ECHEVERRIA QUESTIONED ON INVOLVEMENT WITH SUBVERSIVES

Echeverria's Position Weak

San Jose LA NACION in Spanish 29 Mar 80 p 19A

[Editorial: "Safeguarding Neutrality and Nonintervention"]

[Text] A top official in El Salvador has charged that weapons and subversive propaganda are being exported to El Salvador from Costa Rica. He also stated that these arms may be coming from Cuba and taking different possible routes, using small planes or a bridge such as Nicaragua. All this is happening, according to El Salvador's defense minister, Jose Guillermo Garcia, without the Costa Rican Government giving its consent or approval.

These charges were made verbally by the defense minister to our special envoy in San Salvador, Lafitte Fernandez.

Our government, acting through the minister of public security, Juan Jose Echeverria, said that it does not seem logical that arms would be coming from Costa Rica, "as we are very far from that nation."

The Salvadoran defense minister also said that a confidential report on the groups from his country that are active in Costa Rica for this purpose was submitted to Mr Echeverria. Mr Echeverria then said that "he did not remember having received any communication from his colleague." He also suggested that this report could be in some correspondence that he had not yet seen.

There are two aspects in this situation that seem strange. One is related to the minister of security's statement that

it doesn't seem logical that arms destined for El Salvador could be sent from Costa Rica because we are "very far from that nation." This is strange because it is universal knowledge that with modern aviation, or even with more traditional means of transport, no point is too far. El Salvador, furthermore, is very close, and Costa Rica has many areas that could be used because of a lack of police vigilance, which helps the war merchants to carry out their nefarious duties as merchants of death. Thus they endanger, through their own egotistical interests, the principle of nonintervention and the right of self-determination recognized in the charters of the United Nations and of the OAS, principles to which we publicly subscribe.

It also seems odd that Mr Echeverria would say that he doesn't remember having received any confidential report, such as the one mentioned by his Salvadoran colleague.

Faced with such a serious revelation, the Costa Rican official should have categorically said that he never received this report, or on the contrary, he should have admitted that he had at some time received it. It is so important that the existence of any such doubt is incredible.

And there is something even harder that we must say. Public opinion has lost its belief in some of the government's spokesmen, not to say in many of them. At the time of the events in Nicaragua that ended with the fall of the regime of General Somoza, to the joy of almost all of Nicaragua and ours as well, when the charge of official intervention on the part of Costa Rica was made, the same emphatic statement was repeated: that Costa Rica was not involved in those events and that it was maintaining a position of neutrality. And then we saw what happened. Actions proved the contrary to be true. Our country was playing a dangerous game, but even worse than that, it was endangering its peace and tranquility because of the fault of our rulers.

Now we insist that the government should tell the whole truth about this matter, and that public opinion must remain alert in order to keep the people from being deceived once more, and so that we can energetically remain on our guard to maintain our neutrality and the principle of nonintervention, as we are obliged to do by international law and by Costa Rican tradition. If not, we have much to lose, and we have no reason to expose ourselves to this danger.

Echeverria's Remarks Questioned

San Jose LA NACION in Spanish 2 Apr 80 p 14A

[Editorial: "The Minister of Security's Contradictions"]

[Text] The minister of public security, Juan Jose Echeverria Brealey, has gotten embroiled in such vast contradictions that we can do no less than refer to his own arguments in order to put things in their proper place and to show that he is not correct in what he said yesterday in his remarks made to LA NACION to refute our 29 March editorial.

Aside from the fact that he answers questions he considers easy and refuses to answer other of our questions--and he will know why-- let us comment that his annoyance originated in the fact that we called upon the country to safeguard its neutrality and the principle of nonintervention concerning the crisis involving the fraternal people in El Salvador.

In our 29 March editorial we wrote: "Costa Rica has many areas that could be used because of a lack of police vigilance, which helps the war merchants to carry out their nefarious duties as merchants of death. Thus they endanger, through their own egotistical interests, the principle of nonintervention and the right of self-determination recognized in the charters of the United Nations and of the OAS, principles to which we publicly subscribe."

On Friday, 28 March, according to information from our special envoy to El Salvador, the Salvadoran minister of defense said that Costa Rica was acting as a center for the shipment of arms to El Salvador, even though he did not directly blame our government. And when this newspaper sought the opinion of official spokesmen, according to this report, it was told:

"The Costa Rican authorities have denied this action, and have said that constant vigilance is maintained over airports and the coasts in order to avoid any shipment of this type."

But on Sunday, 30 March, a top official in civil aviation, who did not wish to be quoted by name, said that: "In Costa Rica's territory there are 240 landing fields without police surveillance or any type of surveillance. Considering this, and the possibility that some pilots carry out presumed illegal activities, it is quite possible that our country is being used in such a way."

So he supported our statement. But as if that were not enough, the minister Echeverria Brealey himself not only agreed with our report and our concern, but went even further, when he said: "In Costa Rica there are over 1,000 landing fields and only a dozen of them have and can have permanent surveillance."

We said that Costa Rica has many areas that could easily be used for the shipment of arms to El Salvador and the minister got annoyed, but later a civil aviation official maintained that there are 240 such fields, and then in the end, Mr Echeverria Brealey himself, showing that we are completely right, corrected this figure, expanding the number of unprotected fields to 1,000.

Were we right or not when we asked that the country be told the whole truth and when we called for permanent vigilance in order to keep Costa Rica from being involved in the arms traffic?

Now, going to the other extreme, Mr Echeverria tells us that the situation in El Salvador is different from the situation in Nicaragua. Of course it is. That is precisely why we made our proposal. By saying that both cases are different, the minister had no other option but to recognize implicitly that his ministry, he, and his government had intervened in the Nicaraguan crisis, but yesterday we were told that this was done only when the situation was becoming critical, and for security reasons. If that were so, why did all the top government officials, including the president and Mr Echeverria, always deny this participation and even say that this intervention did not take place? That is why, along with other reasons, we said that people have lost faith in many, but not all of the representatives of this government. And that so outraged Mr Echeverria that he questions LA NACION's interest in creating a climate of lack of confidence, uncertainty, and chaos, a climate which in reality does not exist in our country.

We will answer the minister by saying that we do not believe there is a climate of chaos in Costa Rica, and even less does LA NACION have any interest in creating one, and that, if such a climate were to be created, it would not be our fault, but the fault of those in the government.

LA NACION has been serving the Costa Rican people for 33 years, and today it holds its outstanding position within the nation because its readers every day make a choice in its favor.

The minister knows this, but he must be told once again that if LA NACION were what he claims, though without believing it, it would not enjoy the strong support of its readers.

Let us observe finally that 50 percent of the half-page that the minister uses to answer us he filled with irrelevant comments about whether or not our reporter actually attended a press conference he held, just in order to try to undermine our position. But he could not do so because the minister himself had to admit that this newspaper did report the "casual remarks" that he made before entering the Council of Government. If his remarks were "casual," as he maintains, that is his fault and not ours. It would have been serious if he had told us that we publish things that are not true, and he has still not gone that far.

What wouldn't he have said if we hadn't published his "casual remarks"?

Let us repeat once again that this newspaper, for many months, has not attended press conferences on a regular basis. The public knows this and so do public officials. We only attend such conferences in exceptional cases, because we prefer to go beyond these conferences, giving exclusive reports, whenever that is possible, so that we will not repeat the same things that the other media are saying, and so that we can treat in depth the issues we cover. The minister knows this but now, because it suits his purpose, he chooses to ignore it. That is another of this official's strange attitudes.

Controversy Continues

San Jose LA NACION in Spanish 3 Apr 80 p 6A

[Text] "LA NACION is insisting on weakening the people's confidence in their leaders. This is a dangerous game. When the people lose faith in their leaders, they are getting close to losing faith in their institutions."

This is one of the comments made by the minister of public security, Juan Jose Echeverria, in discussing the editorial which appeared in LA NACION yesterday on his statements which we published in the 1 April edition. In these statements he responded also to the appeal we made in an editorial of 29 March that the government should tell the whole truth about

the charge made by Salvadoran authorities to the effect that arms and subversive propaganda were coming in from Costa Rica.

Yesterday's editorial, speaking about Mr Echeverria's remarks, said that "he has gotten embroiled in such vast contradictions that we can do no less than refer to his own arguments in order to put things in their proper place and to show that he is not correct in what he said yesterday in his remarks made to LA NACION to refute our 29 March editorial."

Furthermore, the editorial writer said: "We will answer the minister by saying that we do not believe there is a climate of chaos in Costa Rica, and even less does LA NACION have any interest in creating one, and that, if such a climate were to be created, it would not be our fault, but the fault of those in the government."

On this point Mr Echeverria said: "I am again forced to refer to an editorial in this paper, not to clarify a remark or to discuss serious issues (which this editorial does not contain), but only to show how LA NACION is not only poorly informed, but also how it twists, uses, and distorts the words and facts as it best suits its own interests."

Let's see about that. Today's editorial says: "His annoyance originated in the fact that we called upon the country to safeguard its neutrality and the principle of nonintervention...." Whoever reads my reply of 1 April in an objective frame of mind will see that the first three paragraphs are devoted to the aspect of neutrality and nonintervention; we demonstrate how the government has backed and is backing the Salvadoran government junta with which it maintains close diplomatic ties. There was never, nor is there now in our mind any "annoyance," as it appears that our reply caused in LA NACION's editorial writer. What there was and is now is a firm determination to reject subjective attacks and this lack of seriousness on the part of a newspaper that claims to be serving the Costa Rican people.

We have said that the Costa Rican reader is badly informed through the fault of the communications media, but what seems inconceivable is that someone who claims to be writing editorials on aspects of our national life should be so ill-informed as LA NACION's editorial writer appears to be. Today's editorial tries to point out as a great discovery--of course attributable to the diligence and skill of LA NACION--that there are large numbers of unsupervised landing fields in Costa Rica. If this editorial writer will read the newspapers

he could see, for example in LA REPUBLICA of Saturday, 29 March, page 9, the following quote: "We have 1,013 airports and landing fields. We can only guarantee suitable supervision at about 12 or perhaps 20 landing fields." This quote is part of the information that I had given to reporters on Friday, 28 March. And yet this editorial writer was not embarrassed when saying that I "was annoyed" because 3 days after this, you published news that agreed with or confirmed what I had told the other media. Such ignorance, if indeed it is ignorance, is not justifiable on the part of a person who claims the right to issue pronouncements in a newspaper editorial.

The editorial writer, in his ongoing campaign of pointing out already known facts, insists that I should clearly explain the position and participation of the government during the Nicaraguan civil war. On Monday, 24 March, for over 30 minutes I explained this to the nation on Channel 13, and in the past I have repeatedly done so by means of statements given to the radio and the press. Nonetheless, the editorial writer, who obviously does not know or does not want to know what we public officials are saying or doing, points out, as another great discovery made by the diligence and skill of LA NACION, that I did admit there was some type of intervention on the part of the Costa Rican Government in the Nicaraguan problem. So that the people who write the editorials in LA NACION may once and for all be informed about this participation that so disturbs and unsettles them, I invited them to watch this program on television, which will be repeated this week.

The editorial concludes by repeating that LA NACION does not usually go to press conferences, and for that reason it does not come to this ministry in the afternoon. For the information of this illustrious editorial writer, let me say that in this ministry we do not hold press conferences every day at 1500, but every day we do receive reporters who want information. If what bothers the men of LA NACION is that we might receive their reporter along with other reporters in our office, I will take great pleasure, in order to safeguard the great news and discoveries of this paper, in inviting LA NACION's reporter to meet with us in private.

LA NACION is insisting on weakening the people's confidence in their leaders. This is a dangerous game. When the people lose faith in their leaders, they are getting close to losing faith in their institutions. The support that the

people and press gave the Nicaraguan insurgents was much greater than what the government could have given. If anyone now wants to avoid taking responsibility, I am not one of those people. I assume what is my responsibility, and I insist that, from the Costa Rican point of view, Nicaragua's past situation and the present situation in El Salvador are not comparable.

7679

CSO: 3010

COUNTRY MUST DEFEND ITS EXPORTS, MARKETS

San Jose LA NACION in Spanish 28 Apr 80 p 14A

[Editorial: "Defense of Our Exports"]

[Text] Costa Rica has indicated its uneasiness over the unfavorable economic results that the so-called Agreement of Lome (Togo), signed between the EEC and 58 African, Caribbean and Pacific countries could have for Costa Rica within Latin America and especially Central America.

This uneasiness results from the fact that by giving preference to the areas that were its colonies--one-third of the world's nations--the EEC has discriminated against the rest of the developing countries that are not part of the Agreement of Lome.

This situation explains the appeals that President Rodrigo Carazo has made to French President Valery Giscard d'Estaing, to Italy's Alessandro Pertini and to Spain's Adolfo Suarez in anticipation of Spain's entry into the EEC.

The EEC, presently consisting of nine countries, England, Holland, Denmark, Belgium, France, West Germany, Italy, Ireland and Luxembourg, is the world's largest import and export market, for which reason any decline in our sales to such an important client would have profound economic repercussions on the Costa Rican balance of payments.

This outlook justifies the efforts to try to avoid the trade and even financial and technological loss that would be incurred by cutting or lessening the flow of our exports of raw materials and agricultural and livestock products to the European market.

Although this prospect is not necessarily a result of the Agreement of Lome, we have against us the fact that Costa Rican exports do not have the advantages and privileges that are enjoyed by the exports of the Caribbean, African and Pacific countries covered by the agreement.

We believe that with good will and a spirit of reciprocal understanding it is possible to make sure that the agreements signed by the EEC with third

parties do not hurt us indirectly. This is feasible, since the EEC is certainly inclined toward also cooperating with Latin America, as is shown by the pacts concluded by "the Nine" with the Andean Pact nations consisting of Bolivia, Colombia, Ecuador, Peru and Venezuela, as well as with Mexico, and another agreement that will shortly be signed with Brazil.

Since the EEC has a Commission for Latin America with representatives in Santiago and Caracas, we do not see any difficulty for Central America and especially Costa Rica in achieving agreements with the EEC that will save the trade and financial interests of this area.

It is not enough to send notes to the EEC leaders asking for good will in the abstract, when the door is open to conclude with them specific agreements of mutual benefit.

9545

CSO: 3010

MASS ORGANIZATIONS CALL FOR MILLION-STRONG DEMONSTRATION

Havana GRANMA in Spanish 15 Apr 80 p 1

[Text] One million Cubans to march on 19 April in front of Peruvian Embassy on Fifth Avenue.

Cubans:

Our country calls us to the "March of the Fighting People!" In a vibrant demonstration of the revolutionary fighting spirit, all Cuba responds, as always, with dignity and energy to those who, in their class hatred of the first state of workers and peasants of the Western Hemisphere, are still sheltering the vain hope of destroying the vigorous example of the revolution that began the irreversible process of the second and true independence of America.

Our enemies are trying to create an international climate which weakens the strength and prestige of the revolution and favors the aggressive plans of the Pentagon and the Carter administration against Cuba. All the events which have taken place repeatedly in the embassies of Venezuela and Peru are the result of such criminal plans, tolerated and in fact encouraged by their respective governments, and which recently caused the death of a brave Cuban soldier, Pedro Ortiz Cabrera.

Links in the same chain are the encouragement to violate our laws given to antisocial elements whose problems with the law arise from common crimes; the attempt to create the conditions for breaking down the traditional security and immunity of the diplomats accredited in this country; the hysterical campaign launched against Cuba overseas, financed and directed by Yankee imperialism and participated in by those who have servitude in their souls and a pen for business; illegal departures and hijackings of Cuban ships, actions which are encouraged by the United States; the unworthy and ill-intentioned lies distributed by capitalist news agencies, the reactionary press, certain political novices and clowns of the United States and other servile governments to try to persuade public opinion that the vagrants, criminals, parasites and turncoats who have gathered in the Peruvian Embassy represent 10 million Cubans, and the provocative and dangerous military maneuver planned by Washington in the Caribbean,

which includes the landing of Marines on Cuban territory occupied illegally and against our people's will by the United States in Guantanamo.

But once again imperialism and its servants are mistaken. They will again suffer a crushing defeat. The revolution is stronger than ever before, the working and fighting people of Cuba are firmly united around Fidel, the revolution and the Communist Party, resolved to confront and destroy all the imperialists' plans.

Fellow Countrymen:

For 19 years we have fought against the mercenary hordes to defend the socialist future of the fatherland at any cost. It only took 72 hours to liquidate the invasion so minutely prepared, armed and executed by the American Government. With the same spirit of Giron we call today:

To our heroic workers and peasants, who in an indestructible partnership work tenaciously for the construction of socialism; to the members of the Committees for the Defense of the Revolution, who with their guard up keep watch over the people's gains; to our self-denying Women's Federation members, who daily, with love and with revolutionary fervor give their support to building the present and the future of our country; to our students, who are learning to be worthy to continue the work of the revolution; to our admirable Pioneers, who will take up the burden of today's fighters and are the certain standard-bearers of the ideals of socialism and communism; to all the people of the Havana provinces, to come to the March of the Fighting People, to participate in the huge demonstration for national dignity and sovereignty which will take place on 19 April along Fifth Avenue. No date is more timely, when we recall the historic victory of Playa Giron, to express our most energetic rejection of the American threats, of the provocations carried out in the embassies of Peru and Venezuela, of the criminals, lumpen and malcontents, of those vile people who are attempting to identify our heroic and self-denying people with the dregs of society.

We call upon all the mass organizations to make the "March of the Fighting People" the biggest, most resounding and eloquent demonstration, that the threats, pressures and blackmail may double our people's courage and decision; that the struggle may neither exhaust nor weaken us; that the Cuban revolutionaries, the true people, may not become corrupt, or soft, or dazzled by the consumer societies; that they may never abandon their principles or surrender.

With a revolutionary, patriotic, socialist and internationalist spirit, a million Cubans united in the same ideal and for the same objectives will take part in this march for national sovereignty and dignity, and thus we will confirm to our continent and the world the historic commitment of the Cuban people: to construct socialism. "It is better that we should cease to be, than to cease to be revolutionaries."

Fatherland or Death!

We shall overcome!

Cubans, everyone at Fifth Avenue on the 19th!

Central Organization of Cuban Trade Unions

Committees for the Defense of the Revolution

National Association of Small Farmers

Cuban Women's Federation

FEU (Cuban Federation of University Students)

FEEM (Cuban Federation of Intermediate Level Students)

Jose Marti Pioneers Organization

8735

CSO: 3010

ZOILO MARINELLO ON CURRENT DIFFICULTIES, WORLD SOLIDARITY

PA211258 Havana International Service in Spanish 0000 GMT 21 May 80

[Statements by Zolio Marinello, vice president of the Cuban Movement for Peace and Solidarity with the Peoples, in Havana, date not given--recorded]

[Text] For 21 years now we Cubans, through our revolution, have become fully aware of what our position and our socialist revolution mean to imperialism. Throughout those years we have waged many struggles and have had to confront many difficult situations. Obviously, under the guidance of our revolutionary leadership, each one of these situations has represented a victory for our country, despite the serious difficulties we have had to overcome in order for our revolution to advance.

A peaceful situation could not last long when, in the face of Latin America's liberation movements, particularly those in the Caribbean and Central America, Cuban elements have furthered frightened and extremely worried U.S. imperialism, especially its frail leaders, at a moment of decadence and weakness stemming from the present electoral campaign.

The entire recent situation, which I think has been very well explained by the leaders of our party and our revolution, has been promoted and furthered by the desire to place Cuba in a difficult situation, while attempting to take conditions before the world, particularly before the United States and its leaders. [sentence as heard]

But each time a situation of this type arises--and despite the moments of tension we experience--it favors us not only because it enables us to show once again our position of struggle, battle, enthusiasm and full awareness, but also [words indistinct] from imperialism.

I think this will be our permanent motto from now on and that if not right away, [words indistinct]--logically that will not be easy--at least as an immediate element, these three causes [presumably the ending of the blockade against Cuba, the closing of Guantanamo base and the suspension of spy flights over Cuba] will guide the future steps of our people, our revolution and our party, as we will increasingly adopt this as a definite objective connected with all our future tasks.

Cuba has received expressions of great solidarity from all over the world, just as in the past Cuba has shown its solidarity to other countries at the time of their liberation or at difficult moments--Vietnam, Laos, Kampuchea and various other countries. Despite its own difficulties, at the right moment Cuba has taken a step forward in Africa and other places to express its support and solidarity for the freedom of man.

At this point, Cuba is also the object of a movement of international solidarity based on the justness of the principles of its revolution.

World Peace Council President Ramesh Chandra has made very positive remarks. This also represents great support by all peace movements in the progressive world.

We are very much aware and very hopeful that our national stand as an increasingly brave, aware and politicized people, directed by a party with increasing capacity for work and learning, as a country sure of itself due to the support of the socialist bloc and that of the movements of (?solidarity) and peace of the progressive countries that understand our situation, will undoubtedly give us, perhaps in the not so distant future, a victory connected with all these aspirations, which are just and essential for our total national sovereignty, and which Cuba and other sister peoples deserve.

CSO: 3010

BRIEFS

TRADE UNION ACTIVITIES MERGER--The provincial organization committees of the agricultural-livestock and sugar trade unions in Havana have been introduced at a ceremony chaired by the two trade unions' top leaders, Rene Penalver and Luis Martell Rosas. Nearly 400 trade union leaders attended the ceremony. The committees were the result of the merging of the sugar enterprises' trade union activities with those of the sugar industry, as well as those of the forestry sector with the agricultural-livestock activities. The committees are headed, respectively, by Ceferino Sanchez and Ramon (Cass) and include six members each. Concluding the plenary session, Penalver spoke of the importance of merging the work of their trade union activities and said it is aimed at a greater economic efficiency to meet the country's demands. [Text] [FL141507 Havana Domestic Service in Spanish 1400 GMT 14 May 80]

UN OFFICIALS AT SUGAR INSTITUTE--Muhammad Habib Gherab, under secretary of the United Nations and secretary general of the UN Conference on New and Renewable Energy Sources, yesterday afternoon visited the Cuban Institute for Sugar Byproducts Research--ICIDCA. (Louis Arlington Wilchild), executive secretary of the aforementioned conference, also visited ICIDCA. The visitors were received by ICIDCA Director Luis Galvez. Others present included Nicolas Rodriguez, director of international economic relations of the Foreign Ministry; and Paulino Lopez and Carlos de Armas, deputy director of ICIDCA and chief of the engineering department respectively. The two sides discussed the work being done by ICIDCA and its ties with the UN Conference on New and Renewable Energy Sources. [Text] [FL141039 Havana Domestic Service in Spanish 1000 GMT 14 May 80]

LECTURE ON SANDINO--Manuel Andara Ubeda, Nicaraguan ambassador to Cuba, has given a lecture on the life and revolutionary work of Augusto Cesar Sandino at the Havana fishing port. The event was sponsored by the Cuban Institute of Friendship with the Peoples on the occasion of the 85th anniversary of the Nicaraguan hero's birthday. In an emotional narration Andara Ubeda recounted the life of the worker whose parents were peasants. Sandino's history is respected and admired by all men in this continent. He referred to the Nicaraguan martyr's very poor childhood as well as painful experiences which prepared him for the struggle. The Nicaraguan

diplomat stated that Nandino felt in his own flesh what exploitation of man by man means. These experiences aided him in choosing the members of his army, one of the greatest social phenomena of the first half of the century. [Text] [FL151848 Havana Domestic Service in Spanish 1759 GMT 15 May 80]

SUSPENSION OF UN CONFERENCE--Cuba has denounced the maneuvers of the United States and Israel to boycott the UN Human Settlements Commission conference being held in Mexico City. Cuban delegate (Salvador Gomila) strongly protested the 2-day suspension of the conference requested by these two countries with the backing of Western European nations. Cuba and other underdeveloped countries demanded fulfillment of the UN resolution on assistance to the Palestinian people within the capability of the Habitat center. [as heard] [Text] [FL161037 Havana Domestic Service in Spanish 1000 GMT 16 May 80]

AGREEMENT WITH MADAGASCAR--The Ministry of Youth of the Democratic Republic of Madagascar and Cuba's National Institute of Sports, Physical Education and Recreation (INDER) today signed a bilateral agreement at the protocol hall in Cubanacan. Madagascar's Youth Minister Said Ali Lounsay and INDER President Carlos Galban Vila signed the document. The bilateral agreement provides for the exchange of sports teams and experiences between the two countries. Vicentuna Antuna, member of the Cuban UNESCO Committee; Antonio Lopez, member of the Union of Young Communists National Committee; INDER leaders and officials attended the signing ceremony. [Text] [FL160104 Havana Domestic Television Service in Spanish 0000 GMT 16 May 80]

MESSAGE FROM POLISH DIET--Comrade Blas Roca, president of the National People's Government Assembly, has received a message of solidarity from the parliament of the Polish People's Republic. The message reads: On behalf of the Diet of the Polish People's Republic, I wish to convey to you our expressions of full solidarity with the Cuban people and their leadership in their just struggle for guaranteeing the peaceful development of the socialist fatherland. We condemn all forms of military action directed at showing might or the possibility of resorting to it against socialist Cuba. We are firmly convinced of the victory of the just cause of the Cuban people, who in many instances have demonstrated their resolve and courage in the defense of the gains achieved by the first socialist revolution in the American continent. The message is signed by Stanislaw Guchwa, Marshal of the Diet, Polish People's Republic. [Text] [FL162219 Havana Domestic Service in Spanish 2130 GMT 16 May 80]

MONCADA ANNIVERSARY--The 25th anniversary of the release of Commander in Chief Fidel Castro and the other Moncada barracks assailants has been marked with a ceremony at the old model prison on the Isle of Youth. Thousands of workers, peasants, students and people in general attended the ceremony, which was chaired by Calixto Garcia, member of the Central Committee and chief of its military department; Armando Manresa, first party secretary in the Isle of Youth; as well as veterans of the Moncada attack who were

imprisoned there. During the ceremony, Vice Minister of Culture Antonio Nunez Jimenez read the document officially declaring the old model prison a national monument. The concluding speech was delivered by Moncada assailant Oscar Alcalde, who is now vice president of Cuba's National Bank. [FL161807 Havana Domestic Service in Spanish 1700 GMT 16 May 80]

CONTRACEPTIVES, ABORTIONS STILL AVAILABLE--Regarding rumors of the anti-socials. A note published by GRANMA today under this headline points out that there are some scums going around spreading the rumor that contraceptives and the abortions done by the free will of mothers will be suspended as a result of the revolution's policy of allowing the departure of anti-socials. This is pure nonsense, pure trash [invented] by imperialism. No one should be deceived by it or go to pharmacies to hoard contraceptives. Keeping contraceptives too long could make them useless for their human purpose. The revolution will invest whatever resources are necessary to supply the people with the contraceptives they need and want. It is the parents' prerogative to have children or not and this is as free and voluntary as the building of socialism in Cuba, emphasizes GRANMA's note. [Text] [FL161507 Havana Domestic Service in Spanish 1403 GMT 16 May 80]

SUPPORT FOR KAMPUCHEA--Francisco Pividal, a member of the Cuban delegation to the conference on solidarity with People's Kampuchea held in Phnom Penh, was charged with speaking in the name of all the Latin American and Caribbean delegations. Pividal, who is a member of the Cuban Peace Committee Secretariat and of the delegation headed by Clementina Serra, expressed at the conference the determined support of the Latin American and Caribbean delegations for the worldwide campaign of solidarity with the People's Republic of Kampuchea. He also denounced the intervention of imperialist and expansionist forces that continue to interfere in the internal affairs of the sovereign state of People's Kampuchea. The Cuban representative reaffirmed the militant solidarity with the Kampuchean people who are determined to safeguard their independence and sovereignty while building up a country that was destroyed by the pro-Chinese regime of Pol Pot. [Excerpt] [FL211931 Havana Domestic Service in Spanish 1903 GMT 21 May 80]

FREE PEASANT MARKETS--The system of free peasant markets will begin operating tomorrow in eight municipalities in the outlying areas of Havana City Province where produce, as well as live, slaughtered, cooked or cured animals may be sold in unlimited quantities with the exception of those whose marketing is expressly prohibited. The products may only be sold to consumers directly, whether or not they reside in the market's area, and those who consume the products outside of the municipality, will receive a receipt of the sale. [PA192248 Havana Domestic Service in Spanish 2130 GMT 19 May 80]

NUEVA GERONA FREE MARKETS--The free peasant market has begun operating on the Isle of Youth with the inauguration of 12 establishments in Nueva Gerona and La Fe in a salute to the anniversary of the agrarian reform and peasant's day. Products at both places included grains, vegetables and meat,

which the peasants have left over for their own consumption after fulfilling their commitments to the state. Residents of the two towns were also able to buy some limited production items such as pineapple, sapodilla and other fruit. This system of sales by which the price is discussed with the buyer will foster the production of previously unmarketed items by small farmers, which will improve supply so that workers will not have to travel to farming areas to make their purchases. [PA192248 Havana Domestic Service in Spanish 2130 GMT 19 May 80]

VISITING SOVIET COSMONAUTS--Aleksy Gubarev and Vitaliy Sholobov, pilots-cosmonauts of the USSR, today visited the Cuban-Soviet Friendship Association in Havana accompanied by their families. Zoilo Marinello, member of the party Central Committee and president of the association, welcomed the guests who are in our country on a rest trip. During the visit, which took place in a friendly atmosphere, Marinello explained the activities of the association. [FL202052 Havana Domestic Service in Spanish 2023 GMT 20 May 80]

MACHADO CHAIRS PARTY CEREMONY--PCC Politburo member Jose Ramon Machado Ventura last night chaired a ceremony held in Pinar del Rio to present identification cards to 700 new party members in that municipality, coinciding with the 85th anniversary of the death of Cuban national hero Jose Marti. Accompanied by Jaime Crombet, member of the PCC Central Committee and first party secretary in the province, Machado Ventura toured during the day the 30 November sugar mill, which was recently completed in San Cristobal, and Los Palacios' varied cultivation enterprise. At the mill Machado Ventura was briefed on its modern technology, and at the enterprise he asked about the present situation of planted fields, main productions and yields. [Text] [FL201141 Havana Domestic Service in Spanish 1000 GMT 20 May 80]

LAOTIAN SOLIDARITY WITH CUBA--The Lao National Liberation Front has issued in Vientiane a declaration of solidarity with Cuba and condemning U.S. provocations against our country. The communique demands from the North American government an end to the blockade, withdrawal of the naval base from Guantanamo, a halt to the Solid Shield 80 military maneuvers and an end to the spy overflights. [Text] [FL201149 Havana Domestic Service in Spanish 1000 GMT 20 May 80]

STATISTICS EXPERTS MEET--The first national meeting of municipal statistics offices' directors opened yesterday in this capital, chaired by Leonel Soto, member of the PCC Secretariat. Humberto Preez, member of the PCC Central Committee, vice president of the Council of Ministers and president of the Central Planning Board, also attended the opening session of the event, in which more than 250 delegates are participating. The opening remarks were made by Fidel Vazquez, minister-president of the State Committee for Statistics, who referred to the importance of that specialty in the application of the system of management and planning of the economy, as directed by the first party congress. [Text] [FL201624 Havana Domestic Service in Spanish 1600 GMT 20 May 80]

CEMA PAPER INDUSTRY MEETING--A meeting of the council of plenipotentiaries for the technological optimization of the CEMA countries' pulp and paper industry is sitting in Varadero since Monday and will conclude on Friday. Delegations of experts are participating from the USSR, GDR, Hungary, Czechoslovakia, Bulgaria, Romania, Poland and Cuba, members of the CEMA, and the Socialist Federal Republic of Yugoslavia. Cuba is chairing the meeting as the host country. Its delegation is headed by Eng Pedro Luis Gutierrez, deputy director of the Cuban Institute of Research on Sugarcane Byproducts. The meeting is analyzing the results of 1979's work, goals for 1980 and will make a preliminary draft of the 1981-85 programs. [Text] [FL211912 Havana Domestic Service in Spanish 1902 GMT 21 May 80]

MILIAN IN SANTA CLARA--Arnaldo Milian Castro, member of the party Politburo and minister of agriculture, has chaired in Santa Clara a meeting to analyze the preparations for the planting of sweet potatoes in rotation with tobacco in state- and privately-held land. Milian said that this merited discussion because of the low yield of the land. He said that every year hundreds of caballerias of good land were left unplanted while other areas had a low yield. [FL210222 Havana Domestic Service in Spanish 2300 GMT 20 May 80]

MOA MINING DEVELOPMENT--Two specialized brigades are building a bridge that will contribute to the metallurgical-mining development program in Moa, Holguin Province. The bridge will be similar to the one 425 meters long built over the Moa River to facilitate access to the nickel plant under construction in Punta Gorda with Soviet assistance. Another nickel-processing plant will be built seven kilometers away from this one, and the bridge now being built will link the second plant with the Moa port. [FL212344 Havana Domestic Service in Spanish 1805 GMT 21 May 80]

AFRICAN SEMINAR--A seminar called "20 Years of Political Independence in Africa" opened this morning at the Frank Pais hemicycle of the Cuban Academy of Sciences. It is sponsored by the Center for African and Middle East studies. The ceremony was chaired by Jorge Risquet, a member of the PCC Central Committee Secretariat; Melba Hernandez, secretary general of the Afro-Asian-Latin American People's Solidarity Organization; and Pelegrin Torres, Vice minister of foreign relations. The opening speech was delivered by Jose A. Garcia Lara, director of the Center for African and Middle East Studies. [Text] [FL212344 Havana Domestic Service in Spanish 2300 GMT 21 May 80]

HART ARRIVES IN BULGARIA--Cuba's Minister of Culture Armando Hart Davalos has arrived in Sofia, Bulgaria, to participate in the 10th meeting of socialist countries' culture ministers. Hart was met at the Sofia International Airport by Lyudmila Zhivkova, chairman of Bulgaria's Committee for Culture, Cuban Ambassador Jose Alvarez Bravo and other officials of the Bulgarian Government and Cuban Embassy. [Text] [FL211414 Havana Domestic Service in Spanish 1404 GMT 21 May 80]

ICRT MEETING ON INFORMATION--The eighth national meeting on information of the Cuban Institute of Radio and Television (ICRT) has opened at the Plaza

Hotel in Havana. Its main objective will be an examination of the main problems of the information service in radio and television. The meeting is being attended by directors of provincial and national radio units, chiefs of section of national radio stations and invited journalists, who will discuss the exercise of criticism in radio based on gained experiences. During the meeting, which will end next Saturday, the participants will hear lectures on economic, political and social topics of great national and international interest for mass dissemination organs. The agency also includes a debate on trimestral planning of themes used by information services of national and provincial radio and television stations. [Text] [FL221309 Havana Domestic Service in Spanish 1049 GMT 22 May 80]

AFRICAN LIBERATION DAY DECLARATION--On the occasion of the commemoration next Sunday of the day of Africa's liberation, the Cuban Movement for Peace and Sovereignty of Peoples [MPSP] has issued a declaration in which it reiterates its support of solidarity with all African peoples struggling against imperialism and oppression. It also expresses its militant solidarity with the African national liberation movements and their representatives struggling in Southern and Western Sahara to gain independence and self-determination for their peoples and eliminate all vestiges of colonialism and racism. The document energetically condemns the apartheid regime which is subjecting the South African black population to the most cruel discrimination and is maintaining an illegal occupation of Namibia against the will of its people. Likewise, it hails the recent victory of Zimbabwe's patriotic forces which fought against the racist colonial occupation and imperialism's maneuvers for 10 decades. The declaration also condemns the recent U.S. military escalation in the Indian Ocean and Arabian Gulf, which affects broad eastern areas of the African territory, and supports the peoples' right to demand peace in that area. In closing, it appeals to all peace-loving and democratic forces urging them to intensify their support for the African peoples and, especially, for Africa's national liberation movements in their struggle for national independence, justice, social progress and peace. [Text] [FL221342 Havana Domestic Service in Spanish 1100 GMT 22 May 80]

CHERNENKO RECEIVES CUBAN AMBASSADOR--Konstantin Chernenko, Politburo member and secretary of the CPSU Central Committee, has received in Moscow Cuba's ambassador to the USSR, Severo Aguirre del Cristo. The meeting was held in a warm and cordial atmosphere, a PRENSA LATINA report from Moscow says. [Excerpt] [FL201839 Havana Domestic Service in Spanish 1810 GMT 20 May 80]

MACHADO VENTURA IN WESTERN PROVINCE--Jose Ramon Machado Ventura, member of the PCC Politburo, this Tuesday toured several installations in the municipalities of Sandino and San Luis in Pinar del Rio Province, marking the end of a 2-day visit to that Western Cuban province. Jaime Crombet, member of the PCC Central Committee and first party secretary in the province, accompanied Machado Ventura, who showed interest in the promotion of the 32 intermediate level schools in the area. When visiting the citrus fruits and tobacco farms, Machado Ventura stressed the need for increasing this year

the production of tobacco to make up for what was lost due to the blue mold. [Text] [FL211038 Havana Domestic Service in Spanish 1000 GMT 21 May 80]

MARTI'S DEATH ANNIVERSARY--The 85th anniversary of the death of national hero Jose Marti was observed in Dos Rios, Granma Province, at a ceremony presided over by Commander of the Revolution Guillermo Garcia Frias, member of the Politburo. Also present were Secretariat member Antonio Perez Herrero and Central Committee member Faustino Perez. In his closing speech, Jose Felipe Carneado member of the Central Committee and chief of its education, culture and science department, said that in these days when, under the leadership of Comrade Fidel, Cuba is waging a tireless and decisive battle for national dignity, we feel closer than ever to Marti and his immortal teachings. [FL192248 Havana Domestic Service in Spanish 2130 GMT 19 May 80] The 85th anniversary of the death of Cuban national hero Jose Marti was commemorated in Dos Rios, Granma Province, the place where he fell in combat, with a ceremony chaired by Commander of the Revolution Guillermo Garcia Frias, member of the PCC Politburo. Others present at the commemoration were PCC Secretariat member Antonio Perez Herrero and Central Committee member Faustino Perez. In his closing remarks Jose Felipe Carneado, member of the PCC Central Committee and chief of its science, culture and educational centers department, referred to statements by Marti which are closely related to the situation currently being faced by North American imperialism. In these days during which we are waging a tough and decisive battle for national dignity under the leadership of our party and Fidel, we feel closer than ever before the immortal presence and teachings of Marti, Carneado asserted. [Text] [FL201103 Havana Domestic Service in Spanish 1000 GMT 20 May 80]

CANECUTTERS AWARDED BANNER--Joining the people's vanguard in the combative people's march, the Antonio Maceo platoon of the Youth Labor Army [EJT], first group to cut five million arrobas of sugarcane in the 1980 harvest, paraded by the Yankee interest section office. Army Gen Raul Castro, second secretary of the PCC and minister of the Revolutionary Armed Forces [FAR], himself presented to this selfless group the flag accrediting them with having cut five million arrobas in a ceremony held at the FAR Ministry. Army Gen Raul Castro held lively talks with the EJT canecutters and told them about the government's decision to send them to the Soviet Union to attend the Moscow 80 Olympic games as a reward for their great accomplishment. These youths, whose ages do not go over the 20 year level, cut cane in Camaguey and belong to the 14th military draft registration. They participated in the combative people's march and, together with all the people, energetically condemn the Yankee imperialism's maneuvers, demand an end to the economic blockade, the withdrawal of Guantanamo's naval base and a halt to the spy overflights. They, the first to cut five million arrobas, as Div Gen Sixto Batista stated, not only have transformed their energy into political and military forces but also into a productive force. [Text] [FL191157 Havana Domestic Service in Spanish 1045 GMT 19 May 80] Army Gen Raul Castro, second secretary of the Central Committee and minister of the

Revolutionary Armed Forces, has presented the 5-million banner to the Antonio Maceo squad of the Youth Labor Army [EJT]. As reward for their efforts, these EJT combatants were given the opportunity to travel to the Soviet Union to attend the Moscow 80 Olympics. These youngsters, none older than 21, belong to the 14th group recruited for the general army service and their average is between 900 and 1,000 arrobas of cane cut in a day. The squad includes seven canecutters who have won the harvest hero designation and 37 who belong to the millionaire advance group. The main speaker at the ceremony, Div Gen Sixto Batista Santana, member of the party Central Committee and vice minister of the FAR Central Political Directorate, said that leading those who will initiate the people's combative people's march today will be the members of the Antonio Maceo squad. He stressed the daily effort of these youngsters who have turned their energy not only into a political and military force but also in a productive force in the country. [Text] [FL171218 Havana Domestic Service in Spanish 1000 GMT 17 May 80]

CSO: 3010

SENATOR SAYS UNMET DEMANDS EASE WAY FOR COMMUNIST EXPANSION

Santo Domingo EL CARIBE in Spanish 11 Apr 80 p 6-C

[Article by Ruddy L. Gonzalez: "Gomez Berges Predicts Communist Expansion in Dominican Republic"]

[Text] Senator Victor Gomez Berges said yesterday that communism is threatening to expand "rapidly" in the country if the administration does not quickly satisfy the minimum demands for social and economic gains coming from the popular masses.

The legislator, who is vice chairman of the Reformist Party and spokesman of the opposition bloc in the senate, said that one of the principal demands being made at this time of the administration, a demand which can become the focus of "concern throughout the country," is the implementation of an agrarian reform.

Gomez Berges said, in the course of a press conference, that "the only way to prevent Marxism-Leninism from continuing its advance in the developing areas of the world is to make profound changes in the social and economic structures of those underdeveloped nations."

The legislator said that "we have been supporting this idea ever since the experiences we had in the Far East, in Asia, and in the two Chinas, Japan, and Hong Kong in the course of a trip we made with a critical spirit."

He said that "there are no guns and no weapons, there is no power capable of stopping the new progressive currents in the world, unless one makes the profound changes which our societies demand."

He added that "what we are experiencing in Central America now confirms this thesis. Violence in El Salvador, violence in Guatemala and violence in Nicaragua are the results of profound social inequalities."

He said that "even what we are now witnessing in Cuba, the situation where people crowd into the Peruvian Embassy seeking asylum, confirms the same thesis to the effect that misery is intolerable and that the peoples, to the extent that they advance in terms of population growth, also

generate heavier pressures against existing political schemes of whatever tendency."

Gomez Berge said that "in view of this situation, we have to establish a mechanism which would provide for balance in society."

The legislator said that "the world is at the brink of a violent explosion which can have unforeseeable consequences. What is happening in the Middle East, with Russian intervention in Afghanistan, the possible confrontation between Iran and Iraq which was about to explode at the end of last week, the Soviet Union's push to maintain control over the rich petroleum region of Central Asia--these are factors of profound disturbance at this moment in the world."

He added that "if to this we add the kidnapping of United States diplomats in Iran, the breaking of relations between the United States and that country, the explosive situation in El Salvador, the situation where the Dominican Embassy in Bogota is occupied, then we realize that the world is indeed going through a difficult phase which deserves the calmest possible contemplation and judgment on the part of its most prominent leaders."

He asserted that "the Dominican Republic cannot, in any form whatsoever, keep away from a situation of that kind since it belongs to a region such as the Caribbean which is a very critical region at this moment."

He indicated that "because of these considerations I emphasize and I agree that it is absolutely urgent for us here in the Dominican Republic to institute profound social and economic changes."

He pointed out that it is necessary "for the rich people in this country to understand that, if they do not introduce those changes within a system of justice and liberty or democracy and liberty, then they will have no weapons capable of stopping the push from the hungry masses in our country."

He remarked that "if we do not institute an agrarian reform in the Dominican Republic and adopt the principle to the effect that the land should belong to the person who cultivates and works it, then we will soon witness the return of uprisings in the Dominican rural areas which will be very serious and very dramatic."

He assured his listeners that "there is no time to lose; this is a warning which I am presenting at this moment in the profound and intimate conviction that I am presenting a calm but responsible and serious estimate of what might happen in the Dominican Republic, which is what is closest to our hearts."

He noted that "the fundamental thing now is the agrarian reform because the efficient exploitation of the land produces an elementary factor

which boils down to jobs for the peasants; the other basic factor consists of food production so that we can accommodate our country's growing population because there is no way for us to increase our agricultural growth if we do not have greater and fairer distribution of land and this simply cannot be postponed."

He stressed that "we also urgently need a fairer participation of the country's worker sectors and the country's big employers must understand this and must as much as possible introduce flexibility into the distribution of their profits among the men who work in their enterprises."

"Nevertheless, I want to repeat that number one priority goes to agrarian reform, land distribution, financing, technical advice and production diversification," he added.

Gomez Bergea said that "we do not see any serious danger coming from communism immediately but in short-range terms there is no doubt that, if we do not introduce these urgent changes, communism will rapidly take shape in the country, as it is now doing precisely due to those great social injustices which exist in our area and this is a situation we cannot ignore."

He indicated that "the current administration has been very timid; we have not seen any great achievements or things which the PRD [Dominican Revolutionary Party] promised. We have not seen the materialization of those promises on any level."

He said that "we cannot separate the PRD from the administration as such because President Antonio Guzman is the principal PRD leader."

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DOMINICAN REPUBLIC

BOSCH INTERVIEW CRITICIZES GUZMAN, GOVERNMENT, UGTD

Santo Domingo LISTIN DIARIO in Spanish 12 Apr 80 pp 1, 13

[Report on Interview with former President Juan Bosch by Mirtilio Felis Pena: "Bosch Repeats Criticism"]

[Excerpts] Former President Juan Bosch yesterday accused the administration of devoting itself only to "frivolities, looking for money it can borrow, taking lots of pictures and coming out with much false propaganda."

Bosch, chairman of the Dominican Liberation Party, asserted that the current administration "really is not doing anything."

The writer and politician feels that "it is clear that the current administration is just trying to continue with the business-as-usual approach."

And he added: "It is no secret to anybody that President Guzman is thinking of getting reelected so as to extend his term of office."

He stressed that "'it is quite logical' for President Guzman to say that he is protecting freedom of opinion and reasonable disagreement but the truth is that it is not the job of the president to protect this sort of thing because liberty needs no protection since it is a right which is exercised."

Regarding the statements made by labor unionist Jacinto de los Santos, leader of the General Union of Dominican Workers, whose labor union freedom the current administration is violating, Professor Bosch said that "he discovered rather late that the government violates labor laws."

Bosch affirmed that the chief government officials "represent the interests of the employer and landowner classes" and he then added that the labor unionist and PRD [Dominican Revolutionary Party] deputy for the National District "had to say that when the UGTD [General Union of Dominican Workers] was organized because it was organized precisely to serve those same interests, and to prevent the workers from organizing themselves into labor unions."

According to the politician, the UGTD also organized itself "in order to confuse the Dominican labor movement by preaching the idea that, if labor asked for better working conditions or higher wages, that could endanger the administration and this would be tantamount to conspiring against the administration of Mr. Antonio Guzman."

The politician considered it "inconceivable" that we should be witnessing in the country all this waste "of money that is being spent on propaganda and charlatanery, on fancy government jobs, on consuls and vice-consuls, on all kinds of foolish things, while in the very heart of the republic many children die of hunger."

In this case, the politician was talking about the various poor districts in the capital which are real poverty belts.

Bosch said that "the president of the republic should go there, among those people, and he himself should distribute food among those unfortunate children."

Talking about the statements made by Dr Victor Gomez, senator for Puerto Plata, to the effect that the only way to prevent communism from advancing in the country is to make changes in the land tenancy structures and in the levels of benefits given to industrial workers, Bosch commented:

"What Dr Gomez Berges forgot is that there is another possibility which is to get the Dominican Republic out of the state it is in and to change it, to make it resemble Sweden or Switzerland, and to turn the Dominican capitalists into Swiss or Swedish capitalists."

Bosch was interviewed during the Radio News Program which is broadcast everyday on the Music Channel, directed by the independent politician Bienvenido Nazim Egel.

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DOMINICAN REPUBLIC

BRIEFS

COMMUNIST LEADERS' ARREST PROTESTED--Two leaders of the PCD (Dominican Communist Party) were arrested yesterday by police officers while putting up protest posters in the Maria Auxiliadora section of town against the high cost of living, according to the top leader of that organization. Mr. Narciso Isa Conde identified the arrested individuals as Omar Ventura and Guillermo Espajo; he said that the arrest took place at 1530. Isa Conde demanded the release of the militants from his group and warned that posters would continue to be put up because, as he said, "no violation is committed when one puts posters on walls." The PCD secretary-general explained that no rules are violated because "the National District government has not yet implemented its own municipal ordinance governing places where posters and signs can be put." "So far, it has been possible to put posters anywhere," the PCD leader said. He explained that the poster that was being put up by PCD members is an engraving by the painter Silvano Lora "showing how inflation benefits the big capitalists, how they are getting rich while the poor masses are stuck with the taxes." Regarding this literature, he said that the item is only identified as coming from the PCD and contains the words: "high cost of living--inflation helps the rich." Isa Conde said that he would head a committee of militants from his party to go to the police station in the Maria Auxiliadora sector to demand the release of the prisoner. "We will continue to defend the constitutional right which has already been ruled on by a court of the republic when, 20 days ago, it ordered our release because it held that we had not committed any crime in similar actions," he commented. [Text] [Santo Domingo EL NACIONAL in Spanish 13 Apr 80 pp 2] 3058

CSO:3010

ELECTION APATHY VIEWED, BLAMED ON POLITICAL PARTIES

Guatemala City EL IMPARCIAL in Spanish 21 Apr 80 p 2

[Article by Mario Ribas Montes: "Apathy in Yesterday's Elections"]

[Text] It would be worthwhile to analyze the phenomenon observed yesterday during the elections held in 280 municipalities of the interior of the country to form their respective governments. According to data furnished by the authorities and later confirmed by the parties, there was generalized abstentionism estimated at 60 percent of all the electorate.

A simple lack of interest? We do not believe so, since it was a matter of electing the members of the local governments, whose composition is important for the neighbors directly affected by services and the general policy of municipalities.

We are not looking for a scapegoat on which to hang the responsibility for the manifest apathy of the voters, but it seems to us that the parties have not known how to motivate mass participation in an important political act, not only with regard to its immediate effects, that is, the election of mayors and councilmen, but also because, as has been said, the results will be decisive for the general elections of 1982. As is known, it is the municipalities that organize and control the elections for president, vice president and deputies to the Congress of the Republic, so their management is vital for a political party.

Neither do we believe that the phenomenon only obeys the call from a sector of the FUR (United Revolutionary Front) for the citizens to abstain from voting because according to the FUR, there was going to be fraud. The FUR favors abstentionism as it demonstrated during the general elections of 1978 when, in fact, it damaged the Christian Democratic Party by asking the leftists not to go to the polls. Of course, such statements about the possibility of fraud create a lack of confidence and dissuade the citizens, but the negative effects could be counteracted if the official parties were to campaign in the opposite sense, tending to give credibility to the authorities.

Contributing to this abstentionism could be the fear prevalent in the population because violence increased again several months ago, not only in the capital but also in some departmental towns. This could be very serious because it would demonstrate that those who are clandestinely seeking Guatemala's institutional collapse through terrorism and the systematic frightening of the population are achieving their objectives.

The election results, as yet incomplete, show the parties that form the Broad Front in the lead and also reveal that one of the "new ones," that is the CAN, obtained a considerable number of positions in the municipalities despite the short time it has been operating. We understand that there is an equitable distribution of positions among the different political tendencies represented by the registered parties and the civic committees that participated in yesterday's elections, but we repeat, the final results and computation verifications are yet to come.

Another aspect stressed by this morning's press is the fact that the elections took place without major incidents or violent acts, other than what is normal on weekends, according to the police reports. It is yet to be seen however whether the losers in certain localities will repeat their past behavior by overwhelming the electoral registry with an avalanche of protests, appeals and objections.

The eyes of many governments and organizations from abroad were on Guatemala yesterday, wishing to find motives to attack Guatemala again, accusing its institutions of all types of vices and abuses. As of now we could not say whether what happened yesterday will serve to enliven the attacks or restrain them, but we are certain that Guatemalans will not be applauded for their abstentionist attitude and their political leadership's lack of initiative.

The OAS observers who came specifically to verify the honesty of the elections will have little to say for or against, unless of course they decide to exaggerate in one sense or another. No conclusions can be reached locally to indicate which political sector will carry the elections in 1982, since yesterday's results do not say anything in that respect.

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CSO: 3010

GUATEMALA

REPORTAGE ON CAPITAL FLIGHT CRISIS

Bank President's Views

Guatemala City EL IMPARCIAL in Spanish 24 Apr 80 pp 1, 12

[Text] Plinio Grazioso, president of the Bank of Guatemala, and Oscar Alvarez, assistant director, Guillermo Salazar, director of economic studies, Eduardo P. Villatoro, public relations officer, and journalist Carlos Toledo Vielman, in charge of public relations at the Presidency of the Republic, held a press conference this morning, specifically to discuss the effects of the control of transfers authorized yesterday by the government on the economic life of the country.

In answer to the question posed to the banquet hall of the national palace, they explained that the measure was adopted because a serious flight of capital abroad was noted. But, however, they said that this will not affect our economy since the net reserves at present total 632 million quetzales.

It is hoped that the restriction on foreign transfers of capital will be short-term, since they will encourage the return of the departing foreign exchange.

On the other hand, it was stressed that the provision will absolutely not affect the economic development of the country, since what is sought is to maintain an adequate level for our monetary reserves. On the other hand, it was explained that despite the fact that foreign transfers of capital of about 60 million quetzales were noted, the stability of the country's economy has not been affected, since there was foreign exchange coming in to compensate for this situation in part.

In response to the concept that it would have been better to raise interest rates instead of the foreign exchange control, since the attraction of higher rates abroad was in fact the cause of this development, another factor being the political situation prevailing in the Central American isthmus, it was explained that even though studies have been made and this possibility is still being contemplated, this would have been a long-term measure. In

other words, it was stressed, even if the interest rates had been raised, it would still have been necessary to impose these temporary restrictions on capital transfers.

In brief, it was made fully clear that this control will not affect commercial transactions or foreign enterprises, since they can continue to send interest and dividends without any restrictions.

Bank Measures Announced

Guatemala City EL IMPARCIAL in Spanish 24 Apr 80 pp 1, 12

[Text] In order to avoid the flight of capital abroad, which has threatened the level of international monetary reserves and reduced liquid bank assets, the government of the republic, by means of a resolution adopted by the Council of Ministers on the recommendation of the Monetary Council, has implemented temporary controls on the transfer of capital.

The Bank of Guatemala was officially informed of this fact, noting that this phenomenon has been noted since the second half of 1979, reducing the credit available in the country.

The Bank of Guatemala announced that the level of international monetary reserves at present is satisfactory, but that technical studies made showed that the adoption of measures designed to slow this outward flow of funds was necessary. To this end the Monetary Council asked the president of the republic to impose a temporary system of control on capital.

It was stated that this control does not affect the sale of foreign exchange for the purchase of all kinds of imports or the payment of obligations abroad. Nor will the transfer of profits on foreign investments be affected. The purpose of the measure is not to hinder international trade, but on the contrary, to encourage the investment of domestic and foreign capital.

The sale of foreign exchange for tourist purposes and travel abroad, family remittances, medical expenditures abroad, subscriptions and other costs outside the country not involving the export of capital will also be continued. And at no time will purchases of foreign exchange by the banks in the system be interrupted.

The Bank of Guatemala announced that the establishment of the capital transfer control system is designed to strengthen the liquid assets in the country and to contribute to the continued orientation of the economic policy of the government of the republic toward support of economic activity and increased employment, so that it will not be hindered by a shortage of foreign exchange.

It was also pointed out that the measure is of a temporary nature and will strengthen the negotiating capacity of the government with a view to obtaining the foreign resources needed to supplement the financing of public investments of unquestionable economic and social importance.

The Report

The Monetary Council submitted a report to the president of the republic on the exchange situation of the country, which led to the establishment of the exchange control.

The report said that the economic growth experienced in the past 15 years by Guatemala, although moderate, can be regarded as satisfactory, above all if we realize that during this period the country has felt the negative impact of powerful outside factors and has had the capacity to overcome them.

Until 1979, economic activity in the country, measured in terms of the gross national product, increased at an average annual rate of 5.6 percent, a result achieved despite the disturbing effects of the violent leap in oil prices in 1974 and 1979, which affected the standards of living in the non-producer countries, and also despite the 1976 earthquake, and even within the inflationary process brought into the Guatemalan economy from abroad since 1973 and the effects of the world recession in 1974 and 1975.

Foreign Balance

The report asserts that one of the most outstanding characteristics of this process has been the achievement of this growth on the basis of a balance in foreign exchange, for in the 17 years in this period the purchase and sale balance in foreign exchange was consistently favorable, with the exception of 3 years--1966, 1974 and 1979--leading to a long period of accumulation of reserves.

The net reserves of the monetary stabilization fund increased up to 31 December 1979 at an average annual rate of 44.5 million quetzales, with the largest accumulations of foreign exchange occurring in the years 1975 to 1978--115.3, 222.4, 181.5 and 75.1 million quetzales, respectively.

Accumulations Interrupted

Beginning in the month of July of last year the process of accumulation was interrupted, and an abnormal and extensive period of drainage began, mainly through short-term private capital transfers which came to a total outlay of 51 million quetzales in the second half of the year.

In the first 15 weeks of 1980, the weekly average net outlay of capital came to 4.8 million, including weeks in which the net outlays came to 8 million quetzales.

The Monetary Council says that the various reasons for the flight of capital are difficult to establish, but that nonetheless the international economic situation and the political circumstances prevailing in Central America and other American continental regions make it possible to classify the causes in a way useful for identifying corrective measures suitable for each case.

The United States, because of inflation and in order to shore up the foreign value of the dollar, increased preferential interest from 11.5 percent to 20 percent, which encouraged dollar deposits, thus creating an inducement for the transfer of resources from Guatemala.

Stabilization Fund

The Monetary Council said in its report that the net international reserves of the monetary stabilization fund came to 632.3 million as of 15 April 1980, sufficient to finance 3.5 months of the planned imports of goods and services for 1980. This situation in liquid international assets is satisfactory if we take into account the fact that internationally a reserve level covering 3 months is regarded as good.

Similarly, the facts that the country has a comfortable reserve position and that the quetzal currency is solid has been crucial in the maintenance of a favorable attitude toward foreign credit needs on the part of the international financial community to date, both where the public and the private sectors are concerned.

The report also indicates that the Monetary Council is studying the possibility of adopting a policy allowing an increase in the rates of interest, payable and collectible, in order to slow down the outflow of capital and encourage private savings.

Text of Temporary Resolution

Guatemala City PRENSA LIBRE in Spanish 25 Apr 80 p 101

[Text] The Presidency of the Republic, an executive body, resolves that as of 28 April 1980 and on a temporary basis, the emergency system will be in effect for international monetary transfers involving the movement of capital, as set forth in Article 76 of Decree 203 of the Congress of the Republic.

Government Resolution No 192

National Palace, Guatemala, 23 April 1980.

The constitutional president of the republic,

Whereas:

The Monetary Council has recommended to the executive body, in a report with justifying documents dated today, that the emergency system be put in effect for international transfers involving the movement of capital as set forth in Article 76 of Decree 203 of the Congress of the Republic;

Whereas:

The main purpose of the Bank of Guatemala is to promote the creation and maintenance of the monetary, exchange and credit conditions most favorable to the ordered development of the national economy;

Whereas:

In order to regulate exchange operations and fulfill the responsibilities assigned it by law, the Bank of Guatemala is invested with the necessary legal authority and has the support and cooperation of the state and all its dependencies;

Whereas:

As of the month of July 1979, an abnormal and persistent outflow of private capital began, and has been increasing thus far in 1980, reducing the net reserves of the monetary stabilization fund to below 40 percent of the annual average of total foreign exchange sales in the past 3 years, threatening to reduce them to levels inadequate for the economic development of the country;

Whereas:

It is necessary to maintain a suitable foreign exchange level to cover the increase in foreign payments resulting mainly from recent increases in the price of energy resources and other imports and in order for the state policy to continue to support economic activity and the employment of manpower, without hindrance due to the shortage of international monetary reserves;

Whereas:

That the continued drainage of international monetary reserves is seriously affecting the liquid assets of the economy, decreasing the capacity of the banking system to grant credit, which is necessary to support productive activities and therefore to generate job opportunities;

Whereas:

The disturbance which has reduced the level of international monetary reserves in the country clearly lies in the capital balance of payments account, and it is believed that the interest rate policy the Monetary Council is studying in itself would not suffice to create the persistent drain of funds the country is experiencing, making it desirable to put into effect the controls on capital movement for which Article 76 of Decree 203 of the Congress of the Republic, the Monetary Law, provides;

Whereas:

The control of capital transfers does not affect the sale of foreign exchange to pay for imports, obligations abroad, profits on foreign investments or

travel for tourist or business purposes, students' expenditures and other payments for services;

Therefore:

Meeting with the Council of Ministers, and in accordance with the authority set forth in Articles 127 and 189, Paragraph 4 of the Constitution of the Republic, Articles 30 and 76 of Decree 203 of the Congress of the Republic, and on the basis of the recommendation, with justifying documents, of the Monetary Council, and Articles 2, 5, 6, 30, 31, 83 and 111 of Decree 215 and its amendments, and Articles 20, 21, 26 and 42 through 54 of Decree 203 of the Congress of the Republic;

Resolve:

Article 1. That beginning on 28 April 1980 and on a temporary basis, the emergency system for international monetary transfers involving the movement of capital contained in Article 76 of Decree 203 of the Congress of the Republic will be in effect.

Article 2. The administration of this emergency system will be the responsibility of the Monetary Council, which will administer it through the foreign exchange department of the Bank of Guatemala.

Article 3. The Monetary Council will in the shortest possible time issue administrative regulations for the emergency system for international transfers involving the movement of capital, with the approval of the executive body, as well as such other regulations as are necessary.

Article 4. Failure to implement the regulations issued by the Monetary Council and the Bank of Guatemala will be penalized in accordance with the provisions of Decree 203 of the Congress of the Republic.

Article 5. When this resolution goes into effect, the Monetary Council can adopt the foreign exchange provisions it deems pertinent.

Resolved and agreed upon at the National Palace with the Council of Ministers on the 23rd day of the month of April in the year 1980.

It is ordered that this resolution be published and implemented.

[Signed] Romeo Lucas Garcia

[Signed] Minister of Finance Hugo Tulio Bucaro Garcia; Minister of Agriculture Edgar Ponciano Castillo; Minister of Economy Valentin Solorzano Fernandez; Minister of Public Health and Social Assistance J. Roquelino Recinos Mendez; Minister of Communications and Public Works Otto Arnoldo Block Kaufman; Minister of Government and Interior Donald Alvarez Ruiz; Minister of Public Education Clementino Castillo Coronado; Minister of Labor and Social Planning Carlos Alarcon Monsanto; Minister of Foreign Relations Rafael Castillo Valdez; and Minister of National Defense Angel Anibal Guevara Rodriguez.

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CSO: 3010

NICARAGUA SEEN TO BE IN POLITICAL CRISIS

San Pedro Sula LA PRENSA in Spanish 24 Apr 80 p 7

[Editorial: "Nicaragua in Political Crisis"]

[Text] In less than a week Nicaragua's revolutionary government has been faced with two resignations that have brought on a crisis worthy of examination, since it implies the definite break between the moderate and radical elements in the government that replaced the Somoza family.

On Saturday, 19 April, Mrs Violeta Barrios de Chamorro, widow of the martyred journalist Pedro Joaquin Chamorro, resigned alleging--obviously falsely--reasons of health. On Tuesday, 22 April, Alfonso Robelo Callejas, president of the Nicaraguan Democratic Movement [MDN] and unofficial representative of private enterprise on the National Reconstruction Government Junta, resigned, expressing severe criticism against totalitarian penetration in the government.

As it is easy to understand, this has produced real worries in the neighboring country, since it involves a real change in the direction of the official policy and offers clear and indisputable evidence that the so-called "ideological pluralism" has collapsed.

Certainly Mrs Chamorro represented conservative thinking within the junta. Her dead husband, who became a symbol of the resistance against the Somoza dynasty, was for many years a prominent leader of the conservative party and, after the split in that party, he leaned toward the Nicaraguan Social Christian Party, of which he never became a member in the full sense of the word, but whose points of view he vehemently shared.

Doubtless, the most radical members of the Junta, Moises Hassan, Sergio Ramirez and Humberto Ortega, all of them of Marxist ideology, must be very worried at this moment because the other outgoing member, Alfonso Robelo, who had been in favor of "socialism in liberty" and had the support of private enterprise, the middle class and a growing sector of the labor movement, by resigning a few days after Mrs Chamorro gave the government a disturbing alternative: to definitely take a totalitarian position, Cuban style, or to look for two new characters who are ready to fill the vacant positions and, consequently, go on with the pantomime that the revolution is not allied with international communism.

At first glance, anyone would believe that the Sandinist Front feels relieved by having shaken the two "bourgeois" members of the Junta. However, it must not be forgotten that the business sector, of which Robelo was president for several years, has a significant influence in Nicaragua and was a crucial factor in Somoza's defeat. In addition, a clash with the MDN could mean the rupture of the existing ties between Sandinism and the democratic Socialist International, whose support is vital in continuing to obtain help from Venezuela, the United States and Western Europe; help--especially economic--without which the plan to reactivate the country cannot work.

The fundamental reason for the withdrawal of Chamorro and Robelo from the Junta was the drastic change made by the government in a provision according to which the Council of State, a legislative body with a corporate organization which will be installed next 4 May, would have 33 members, one for each organization or sector that fought against the former government.

The change, imposed by the FSLN [Sandinist National Liberation Front], increased to 44 the original members and, most significantly, increased to an intolerable degree the majority of small groups dependent on the Sandinist Front, leaving in an absolutely ineffective minority the independent parties and business and professional organizations.

The MDN, in a meeting lasting into the morning of 22 April, announced that all its technicians, specialists and executives--the nucleus of best-trained people in the country, graduated from schools in the United States and Europe--would immediately withdraw from all public positions and join the opposition.

Meanwhile, within the LA PRENSA newspaper, Mrs Violeta de Chamorro has dismissed Xavier Chamorro, director of the newspaper, "for having handed over the editorial commentary to the regime," damaging the paper's independent position.

A spokesman for the Nicaraguan Union of Journalists, a government-controlled union, had said that the MDN and LA PRENSA are trying to destabilize the revolution and they must be energetically fought.

This could be the start of a violent repression against non-Marxist members in the Nicaraguan process, but it could also mean the germ of a new revolution having a democratic character.

The coming days can bring many surprises. For now, Sandinism has been left alone in the junta and, in a sense, has assumed hegemony over the government.

But in a country disheartened by shortages, economic disorganization, lack of confidence and political uncertainty, this could be at most a Pyrrhic victory whose long-term counterproductive effects are impossible to predict for now.

The lesson, for those who flirt with extremism, is the same as it was in Cuba and Chile: the communists use democratic rhetoric, methods and principles when they are the opposition, but once in power, they throw pluralism into the wastebasket, get rid of their fellow travelers and set up an apparatus of repression and terror almost always more cruel and fanatic than the one characterizing the authoritarian regime they deposed, and begin by applying it to those who, with their hesitant or irresponsible position, take on the sad roles of useful fools....

9341

CSO: 3010

PEACEFUL ELECTIONS SEEN AS VICTORY FOR NATION

San Pedro Sula LA PRENSA in Spanish 21 Apr 80 p 9

[Editorial: "It Is Honduras' Victory"]

[Text] Last night at LA PRENSA's closing time, data from several departments were still missing and it was premature to say which of the historical parties would win the constituent elections held yesterday throughout the nation.

However, in a substantial number of municipalities a tendency favoring the PLH [Liberal Party of Honduras] seemed to be gaining strength. The PLH was undoubtedly collecting the fruits of the tireless, dedicated and patriotic work of the illustrious late Dr Modesto Rodas Alvarado, who several times went through all the towns, villages, hamlets and cities of our country to carry his encouraging voice and fiery verb to the great majorities.

When these editorial notes hit the streets, the final results of the elections will be in the public's hands and it will be known which of the traditional political organizations will have the majority in the next National Constituent Assembly.

However, the victory does not belong to a political party: it belongs to Honduras, because the peaceful, orderly, festive and cordial way in which the elections took place demonstrates that this is a country that loves peace, has chosen the democratic system, rejects violence and death and, in brief, has fully entered into a process of political evolution that will lead us to a legitimate and progressive government.

The most interesting aspect of yesterday's elections is that they have proved that, despite everything published on the subject by a certain international press interested in projecting a distorted image of Honduras, there was no such thing as an imposition of will shored up by the military regime.

Of course, it would be too risky to say that there was not one iota of fraudulent maneuvers. We must remember that we are human, not angels, and that it is very difficult for anyone who controls more than 90 percent of

the mayoralties, all the political governments, the ministries, the leadership of the National Elections Tribunal (TNE) and most of the Supreme Court magistrates not to take advantage of this privileged position to try to tip the electoral balance in his favor.

But in view of the results that had been published when this editorial was being written, the possible fraudulent maneuvers must have been very limited, and the massive flow of voters to the polls reduced it to a minimum. There is no other way to explain the final results obtained by the political organizations enjoying all the advantages mentioned above.

Another lesson to be taken into account is that Hondurans were more anxious to vote than even the political leaders imagined, as was confirmed by the legitimate indignation of thousands of persons who could not exercise their right to vote because their names did not appear on the list.

The abstentionist campaign carried out by the extreme left was a total failure. The great majority of the citizens arrived at the polls very early and if some did not vote it was due to deficiencies in computation and not to popular indifference.

Now, with respect to the announced claims of some political leaders who yesterday afternoon stated in Tegucigalpa their decision to demand that the election be declared void in several departments, alleging that many of their members could not vote, we believe it is appropriate to reiterate our well-known position on these first-round elections to choose our next president.

We had not voted for almost 10 years. There were undoubtedly minor irregularities that we do not believe have influenced the success or failure of the contenders but that in a certain way cast a slight shadow of doubt because many people ask themselves whether the omissions of names were accidental or deliberate.

Therefore, these circumstances make it even more imperative that we prepare ourselves for the next electoral campaign in which, with the correction of all the current errors in the process and the registration of the new parties, the people will decide who will be the trustee of our sovereignty.

More important, despite the nuances and discrepancies, is that no one was beaten, injured or, much less, killed. The infamous "mancha brava" was not present, the threats of disorder introduced by extreme elements did not materialize and the elections were, really, a civic holiday as had only been seen in Costa Rica.

Honduras, we insist, is the one who is victorious in this first phase of the democratization process.

The journalists and reporters of the United States, Europe and South America who have been in our country for several weeks have had the opportunity to

verify that the people as well as their civic practices are absolutely different from those prevailing (or which prevailed) in Nicaragua, El Salvador and Guatemala.

And their news, chronicles, reports, movies and other messages will tell the world that here a society is being born that fights for development, justice, change and the welfare of the people within the framework of peace and liberty.

LA PRENSA is happy to have contributed firmly and impartially to this result. It congratulates the people for their wisdom and expresses its hope that we will defend our incipient republic and march toward perfecting it through first-round elections. It invokes the name of God so that all--as brothers under the flag of our universal Mother, Honduras--will share a huge embrace and advance shoulder to shoulder to conquer a future of justice, solidarity and welfare....

9341

C80: 3010

BRIEFS

COMMERCIAL DEVELOPMENT FUND--The federal government has set up a fund for commercial development to try to break commercial bottlenecks so as to allow greater competitiveness in the production and distribution sectors, reduce marketing costs and break the middlemen's chain for the benefit of national producers and consumers. The creation of the commercial development fund and its operation were announced last night by David Ibarra Munoz, finance and public credit secretary, and by Gustavo Romero Kolbeck, director of the Bank of Mexico. [Text] [PA090434 Mexico City International Service in Spanish 0300 GMT 9 May 80]

WEAPONS CONFISCATED--Mexico City, 16 May (EFE)--The Mexican police intercepted a cargo of 2,000 U.S. manufactured firearms destined to Oaxaca State peasants, it was revealed here today, Friday. The federal judicial police discovered the illegal cargo when it stopped a truck on the road from Mexico City to Oaxaca, a southern Mexican state. The intended use of these weapons (pistols, M-1 rifles, automatic rifles, submachineguns and machineguns, was not revealed. This is the third arms shipment to Oaxaca that has been intercepted. The truck's drivers, Eleazar Conseco, Victorio Sanchez and Ricardo Nino told the police they had loaded other weapons in Miami, but did not say who the purchaser was. [Text] [PA170359 Madrid EFE in Spanish 0248 GMT 17 May 80]

CSO: 3010

DUTCH BLOCK DEVELOPMENT AID TO SURINAM.

Amsterdam ELSEVIERS MAGAZINE in Dutch 19 Apr 80 pp 12-15

[Article by Sig. W. Wolf: "Minister De Koning: 'Painful Intervention Needed'"]

[Text] Minister De Koning is very cautious in his assessment of the corruption now coming to the surface in Suriname. Hard proof has still to be delivered. Up till now the Netherlands has refused to transfer 20 million guilders of development funds. The minister has confidence in the intentions of Suriname's new government. "However, painful steps are unavoidable. Suriname can count on our support. We are willing to discuss a revision of the development program." It will be extremely difficult for Suriname's National Military Council to prove the corruption in official circles during the prior government. The flood of reports about corruption on a grand scale regularly coming out of Paramaribo over the last few weeks, is creating a lot of anxiety in political circles in The Hague.

An avalanche of fraudulent acts has been set in motion but lack of indisputable proof could damage the image of the National Military Council, which intends to clean up thoroughly. Nobody is foolish enough to think that persons with key positions who are the target of the military zeal to clean things up, will keep proof of their misbehavior in desk drawers. During the first 2 days after the 25 February coup civil servants were feverishly busy in many government buildings purging desk drawers and file cabinets of compromising papers. It is not only government workers and politicians who are scared by a thorough search of the civil service establishment. Many private citizens are directly or indirectly connected with the widespread financial patronage and corruption.

With a per capita income of 1,300.00 guilders Suriname belongs to the rich developing nations. This nation's weak points are lack of employment and stagnating industrialization. The number of government workers has increased during the last 3 years from 20,000 to 40,000, all of whom must be paid out of a national income of 300 million guilders. Employment opportunities moved from the private sector to the government. It created an atmosphere of just loafing and sharing in illegitimate income. To

nobody's surprise civil servants close to the sources of funds cooperated with private enterprises to see to it that everybody received his due share in a mood of mutual assistance. Whether it was issuing contracts to build roads, purchasing medicines, expanding hospitals, allocating parcels of real estate, or buying patrol boats, something could always be "arranged." Shortly after the military intervention a high official of the Suriname Bureau of Planning sighed: "In our country the government and its organizations form a small world of their own with all kinds of irregularities going on constantly."

During the first days after the coup a stifling atmosphere prevailed in Paramaribo's government building, which houses the Bureau of Planning. Decisions about spending millions of guilders made available by the Netherlands to stimulate the Suriname economy are made there on a daily basis. Without being able to do anything about it workers there saw how, under pressure of politicians and civil servants, budgets of development projects were shamelessly modified so that big politicians and their relatives could profit. Shortly after the coup important documents on projects worth tens of millions of guilders were also found to be missing from the files.

The minister of development cooperation, De Koning, who supervises the 2.7 billion guilders pledged by the Netherlands to Suriname at that country's independence in 1975, appears to be very cautious in his assessment of widespread corruption coming to the surface in Suriname.

He says: "The National Military Council has not taken any steps beyond detention of persons for interrogation. I hope that, just as in other cases, judicial decisions concerning the indictments will comply with reasonable standards."

Of the 500 million guilders so far requested by Suriname from the development funds, no approval has been given for 20 million guilders. Two independent Dutch and Suriname accountancy firms have refused to approve the manner in which these funds were used. The minister assumes for the time being that this expenditure of 20 million guilders was made outside the arrangements, or that the deposed Arron government was unable to account for the funds in an acceptable manner. An expenditure of 20 million guilders without approval out of a total of 500 million guilders is considered very high in circles of development experts. Up till now no developing nation which received Dutch aid has scored so badly.

Minister De Koning points out that "the great majority of the treaty funds are covered by statements of accountants. However, this does not mean that there has not been any wrongdoing in Suriname. We control only the payments. What happens thereafter and to what extent corruption exists with materials used in development projects is beyond our control."

The military coup and the government inspired by the National Military Council offers, according to Minister De Koning, a new chance to conquer old problems. "The Dutch government deplores the coup. We would have preferred a new government on the basis of democratic elections. However, now that the coup has taken place we are prepared to cooperate and to look for solutions for improving and broadening the development program."

The first steps in that direction have been made. The Dutch government has made far-reaching proposals to the new persons in charge in Paramaribo to stimulate the return of qualified capable Suriname citizens to their native country. The Suriname government reacted positively. Discussions about these proposals will take some time because Prime Minister Chin A Sen wants to check them out internally.

De Koning says: "Suriname has a great potential of human and natural resources. They should be used in a better manner. This is also true for the Dutch government. We are prepared to give this new Suriname government our full cooperation. It is our impression that priorities in Suriname's development program will have to be changed. This can all be discussed. It is possible to review the arrangements. Everything is open to discussion. The intentions of the National Military Council and the government of Prime Minister Chin A Sen are good. The question now is: can the government turn these intentions into reality? To achieve this it will have to take some painful steps. It makes me wonder about the government setup of 40,000 civil servants and the size of Suriname's income. The country has an exceptionally smooth-working tax system. On the other hand, there is hardly any supervision of imports."

Industrialization is hampered by the power of a handful of large import companies; it is in their interest that local production be nipped in the bud. Last year a large import firm had a profit of 40 million guilders. The question is now: could not that have been less in favor of local production?

Minister De Koning is not very happy about the dominating position the Netherlands has in development aid to Suriname. He urges the new government to ask other international assistance funds, such as the development fund of the United Nations, the assistance fund of the European Community, and the Caribbean Fund for help. "Really, the Netherlands is not striving for a monopoly position. I would prefer it is Suriname's development obtained a broader base. Because of our present dominating position we cannot tell them how their business should be run. When I am in Suriname I go around on my toes and I am very careful. I am very powerful as Suriname's most important source of finances. Everything I say can be interpreted to be a coercive demand from the man who holds the purse strings."

"It would really clear the atmosphere if Dutch and Suriname ministers felt freer to tell one another the truth. That is only possible if Suriname is less dependent on the Netherlands. Paramaribo should realize that the

Netherlands is not the only chance for help. We, on the other hand, will not shirk our responsibilities if Suriname would call on us to clear the way for further economic expansion. In this respect I think, for instance, of promoting the sale of Suriname products on the European market."

The government leader repudiates the criticism of the Committee of Christian Churches, as expressed by Suriname Bishop Zichem, who says that Dutch trade and industry enjoy privileged positions in the execution of development projects. In this manner development funds would return to the Netherlands while the activities of Suriname enterprises would be hard pressed.

"I find this criticism absolutely wrong and feel very bad about it. Suriname is urging us all the time to make Dutch experts available. It does not want Suriname experts who are available in large numbers in the Netherlands, because the Arron government found that their salaries would be too high as compared to those of local countrymen. This would lead to jealousies and all sorts of nasty situations. However, it was willing to pay such salaries to Dutchmen, Patagonians, and Icelanders. That is a very unsatisfactory situation, which should soon be corrected in cooperation with the new government in Paramaribo.

"The use of Dutch trade and industry is in accordance with the development agreement. Suriname complained all the time that it did not have its own managerial and executive forces and that it was therefore forced to call on our trade and industry.

Dutch trade and industry were at no time forced upon Suriname."

Minister De Koning will visit Suriname at the end of June. He will have to get used to the new situation. The persons he used to confer with, the entire top of the Ministry of Development and most of the members of the Suriname section of the discussion group for development cooperation (CONS) are locked up in the Memre Boekoe Barracks on the outskirts of Paramaribo. The National Military Council says that they are there to be interrogated. However, people in Suriname know better.

10319

CSO: 3105

PSN COMMUNIQUE DEFINES PARTY'S POSITION

Managua BARRICADA in Spanish 25 Apr 80 p 3

[Text] The PSN [Nicaraguan Socialist Party] recently issued a communique concerning the opposition's attempts to create a difficult situation for the People's Sandinist Revolution. In addition, in the communique it mentions several agreements concerning the country's current situation. Basically, the communique says:

The aim of rightist and divisive elements is to create conflicts that sabotage economic reactivation and national reconstruction and, consequently, destabilize the revolutionary process initiated on 19 July 1979 with the blood and heroic sacrifice of more than 50,000 Nicaraguans.

A real and profound revolution of genuine popular content is going on in our country and has created a situation which is radically different from the one that prevailed when the Council of State was originally conceived. This new situation is characterized by the vigorous participation of the people as a supporting and driving force of the revolution and, consequently, labor and popular organizations must predominate in the Council of State.

Hence the attitudes and activities of the extreme political and managerial right are an act of aggression against the workers and the people in general, who are and will be the creators and fundamental beneficiaries of the social, economic and political changes that are being promoted by the People's Sandinist Revolution.

They also attack the intermediate sectors, progressive employers and democratic and patriotic forces, whose real interest can be safeguarded only by the revolution and never by counterrevolution and imperialism.

Therefore, the Nicaraguan Socialist Party agrees:

1. To reject and energetically denounce counterrevolutionary provocations that are obviously encouraged and coordinated by U.S. imperialism;
2. To call on workers and all the people to close ranks in their revolutionary mass organizations to defeat the maneuvers of their irreconcilable enemies;

3. To call on its militants and the militants of its branch organizations to solidly support the actions of the masses and particularly the great popular concentration of May Day, which will be a categorical expression of the workers' will to defend the revolution and carry it to its final consequences;

4. To exhort progressive employer sectors to think sensibly and not let themselves be carried away by the traps of our country's enemies;

5. To reassert its unbreakable decision to maintain and strengthen the unity with the FSLN [Nicaraguan Sandinist Liberation Front] and with the Patriotic Revolutionary Front concerning the fundamental and permanent objectives of defending, consolidating and strengthening the revolution;

6. To support the decree of the National Reconstruction Government Junta concerning the composition and function of the Council of State and the installment of the latter next 4 May, Day of National Dignity.

23 April 1980. Year of Literacy.

For the PSN Central Committee's Political Commission.

Luis Sanchez Sancho

Secretary General

9341

CSO: 3010

PAPER HAILS VIOLETA CHAMORRO AS 'HEROINE' OF COUNTRY

Managua LA PRENSA in Spanish 20 Apr 80 pp 1, 12

[Editorial: "A Woman in History"]

[Text] The resignation of Comrade Violeta Barrios de Chamorro--Dona Violeta, in the hearts of the people--from the National Reconstruction Government Junta has been announced.

Many will be surprised, but not her family and her closest friends, and much less the members of the Junta and leaders of the revolution, since for some time now they have known about her decision.

The reason? No one should read further or look beyond her letter of resignation, which states that her failing health, caused by the intense work she has carried on since that 10 January when genocidal bullets ended the life of the Martyr of Public Freedom--her husband and inseparable companion--does not permit her, except at very high risk, to continue to play an outstanding role on the public scene.

But if her time as a member of the state leadership has been relatively fleeting--9 months, to the exact--her presence as the heroine of the history of Nicaragua is ineradicable.

She was the loyal, valiant and permanent companion of Pedro Joaquin Chamorro, whose unrelenting struggle against the dictatorship is an example which grows more important as time passes and is also an ineradicable act of the revolution which our people--to whom he gave himself entirely--are constructing.

The full-time companion for many years--with all their days, minutes and seconds--of Pedro Joaquin Chamorro, she filled herself with the history of the fatherland and at the same time filled our history with patriotism. Conspiring with her husband all the time. Fleeing with him from the underground cells of San Carlos. Gathering patiently and assembling with the patience of an artist in precious metals the manuscripts written on cigarette papers which Pedro Joaquin sent her from prison, until little by little those small pieces of paper took form in the lengthy and first great book against the dictatorship, "Estirpe Sangrienta" [Bloody Lineage].

Proud and unbending, with no tears, without a plea, with dignity, as the Spanish would say, she put up with the innumerable imprisonments of her husband.

She was with him through all the highways, paths, streets, cities, villages, valleys and neighborhoods of Nicaragua, keeping alive and encouraging the hope for freedom.

With him always. With Nicaragua always.

Nor did she bow down when Pedro Joaquin died. She dried her eyes and in a noteworthy political and ideological step she declared: "Only the people will bring justice."

And she did not remain in the wings, but took her place at the head of the teeming masses. Many cities and several countries were on her itinerary of accusations and struggle against the dictatorship.

When the time came she joined the insurrection. And she joined as a heroine, lending her prestige and that of Pedro Joaquin, and representing the forces he had united against the dictatorship.

Her notable participation in the crucial moments of the uprising will be recorded by history in all their details, from her dangerous trip to Leon at midnight in a shaky aircraft, amid the full furor of the fighting, to her ever-present firmness of principles, to her patriotic inflexibility toward those who tried, with external pressures, to broaden the Government Junta during the agitated negotiations prior to the defeat of the dictatorship.

All of this we remember today in a rapid review as newsmen. But Violeta, Dona Violeta, Comrade Violeta will always be in the hearts of the people--her people.

8735
CSO: 3010

NUNEZ ISSUES MAY DAY STATEMENT

Managua BARRICADA in Spanish 26 Apr 80 p 3

[Editorial by Cmdr Carlos Nunez: "1 May, International Labor Day"]

[Text] The date 1 May is national labor day throughout the world and an occasion to pay tribute to the Chicago martyrs assassinated in the United States by the enemies of the working class. For the first time in many years Nicaraguan workers will be able to celebrate it in a free, sovereign and independent Nicaragua. Free because it has succeeded in abolishing the traditional ties of subjugation and economic exploitation by foreign monopolies and national capitalists; sovereign because now, with the birth of the Popular Sandinist Revolution, they [the workers] can take part in important decisions as a right conquered with their own struggle and their own blood; independent because their country exercises self-determination, traditional political obstacles and pressure from imperialist powers having been eliminated.

The Sandinist Workers Federation [CST] salutes the coming of May Day with all the revolutionary warmth that comes from the trust of its followers and expresses its sincere wishes that this be an occasion to demonstrate the workers' strong loyalty and esteem for the Popular Sandinist Revolution, their efficiency in work, their desire to better themselves, their growing strength as a class and their great duty to become the zealous guardians of the revolutionary process that advances toward the consolidation of democracy, social progress and final liberation.

Workers in the past were not only subjected to the worst exploitation and deprivations. When they tried to celebrate May Day, they were forbidden to do so, were viciously attacked by the dictatorship and its army, and were persecuted, jailed and assassinated. Victory brings to us today a new light, a new joy, and a new future, and for that reason the May Day celebration has a different meaning than before, full of the heroic and militant history of our people turned into liberators who fought their enemies inch by inch until their hopes and aspirations took shape with the advent of the revolution.

In the Free Nicaragua, with deprivations and humiliations abolished, the workers must commemorate this day remembering the aspirations of our labor leaders who fell in the struggle for liberty, reiterating our commitments to the revolution to forge the society we ardently desire, and committing ourselves to be counted among our class and to strengthen the labor unions and the different forms of organizations that reveal the powerful drive that motivates us as the class at the vanguard of all the people.

The CST--organ of power, struggle and work of Nicaraguan labor--calls on all organizations to participate in these festivities along with the working class. It urges its trade unions and affiliates to make 1 May the day to strengthen political and organizational work among the unions and proposes that it be the expression of the workers' feelings of struggle and solidarity toward:

--Achieving the full and complete unity of Nicaraguan workers with a view toward the creation of a single union, following the lead of the National Interunion Commission and the vanguard, the FSLN (Sandinist National Liberation Front).

--Strengthening brotherly, political and organizational ties with the workers of the fields and our brothers the farmers and, in this way, shaping the unity needed among the driving forces of the revolution.

--Intensifying the rate of production, and seeing the adoption of measures that tend to solve the claims posed by labor to the state organizations and private enterprises, important forces of the country in abolishing ignorance, social breakdown, poverty and the bitter reality of all of us who build and produce and therefore have the right to benefit from the political, economic and social gains of our liberated country.

--Taking up the historical and political inheritance of our heroes and martyrs who gave everything and asked for nothing, cultivating revolutionary values, loving this revolution which is our work and defending it against all the threats of its internal and external enemies.

--Joining the Popular Sandinist Militias, strengthening defense in times of peace or marching to the fields of battle if our revolution is attacked.

--Backing the struggles of other peoples who hope to shake forever the ties of political, economic and social subjugation--peoples who, like ours, express every day their desire for a better, decent and lasting life.

The date 1 May is a holiday for labor, without henchmen, cudgel blows, tortures or oppression. We sincerely hope that it will become a huge popular holiday, a glorious day for the working class to sing hymns of liberty, to utter in all the cities of the country cries of joy, full of the freedom conquered. For the first time there will not be cries of pain, but of celebration for the victory achieved with sweat and blood--a victory that is enjoyed today by the working masses of the Sandinist Fatherland.

DETAILS OF 'EL PUEBLO' DIRECTOR'S SENTENCE REPORTED

Managua BARRICADA in Spanish 26 Apr 80 p 9

[Text] In BARRICADA's issue No 259, we published the letter of law student Jose Ney Guerrero Fiallos in which he requests that we publish the sentence handed down by Dr Victor Manuel Ordonez concerning the case of the counterrevolutionaries of the Labor Front.

Responding to his request, we are publishing some of the whereases and Dr Ordonez's sentence. We are citing only the most important aspects since it is quite lengthy and its publication would require a lot of paper, which is scarce nowadays.

The last day of the last month, in writing, Dr Mario Ruiz Castillo, in his capacity as assistant district attorney of the Department of Managua, accused Xiomara Centeno Gutierrez, Juan Alberto Enriquez, Hirta Espinoza Mendieta, Ivania del Carmen Nunez Matus, Carlos Adan Arteaga Alvarez, Ildiro Tellez Toruno, Carlos Domingo Cuadra Cuadra, Melvin Wallace Simpson and Alejandro Gutierrez, of committing the crime of "spreading--in writing--statements, proclamations or manifestos which try to injure the interests of the people and abolish the conquests achieved by the people." This crime is referred to in clause C of Art 4 of the law on maintaining order and public security. Dr Ruiz Castillo stated that the aforementioned persons committed that crime by promoting, writing for, spreading and backing certain editions of the EL PUEBLO newspaper, the issues and dates of which will be mentioned in due time. This was done with malicious intent in an attempt to destroy the public order established by the Revolutionary Government through the judicial norms dictated by our National Reconstruction Government Junta. They have not only violated these norms but have manifestly incited against their observance. The denounced persons, using EL PUEBLO as the criminal instrument and protected by a counterrevolutionary group within the Popular Action Movement and the Labor Front, have carried out their malicious actions through deeds that tend not only to violate the laws dictated by the revolutionary government, but also to produce chaos, confusion and obstruction aimed at weakening national unity and economic reactivation.

Whereas:

Due to the state of immorality, vice, death, grief, misery and injustice to which we were subjected by the criminal dictatorship during its misgovernment, it was necessary and inevitable to engage in the war of national liberation, having as its objective not only to make disappear or uproot forever such a state of things, but also to find justice and the deep social changes that the human being needs so that his existence will have true and real meaning.

Thousands upon thousands of martyrs gave their lives so that we, our people, could triumph and these people brought to power in our country the National Reconstruction Government Junta, which representing our people and making real the aspirations of our people for deep socio-economic changes, in less than 7 months has issued laws that demonstrate clearly and definitely the integration of the National Reconstruction Government Junta with our people, and those laws (legislation for change) benefit only the people's interests.

III. To guarantee the permanence of popular conquests (including those cited in the previous whereas, and those that are being achieved during the process) laws have been created to protect these popular conquests and failure to observe them is a crime. Thus, according to clause C of Art 4 of the Law on Maintaining Order and Public Security, it is a crime "to spread--in writing--proclamations or manifestos that try to injure the interests of the people and abolish the conquests achieved by the people," because in these moments of profound social changes which we are living, the attack against popular interests and the conquests obtained by the people find echo in the most powerful classes which of necessity will be hurt by such conquests. Xiomara Centeno Gutierrez, Juan Alberto Enriquez Oporta, Mirtha Espinoza Mendieta, Ivania del Carmen Nunez Matus, Carlos Adan Arteaga Alvarez, Isidro Tellez Toruno, Carlos Domingo Cuadra Cuadra and Melvin Wallace Simpson, are subject to judgment because they have been accused by the District Attorney's Office of using EL PUEBLO to commit this crime at the precise historical moment when there is vulnerability in the revolutionary process due to the past war and the current changes, precisely violating the legislation dictated to protect these popular conquests.

Therefore:

Based on Art 5 of Decree No 34 of the National Reconstruction Government Junta published in Gazette No 4 of 28 August 1979, on Decree No 148 of the National Reconstruction Government Junta published in Gazette No 55 of 12 November 1979, and on Decree No 195 of the National Reconstruction Government Junta published in Gazette No 777 of 7 December 1979, the undersigned judge,

Resolves:

I: To condemn to a sentence of 2 years of hard labor Messrs Melvin Wallace Simpson, attorney and journalist, married; Carlos Domingo Cuadra Cuadra,

philosopher, married; Juan Alberto Enriquez Oporta, journalist, married; and Isidro Telles Toruno, single, workman, all persons legally of age and of this domicile, as authors of the crime of "spreading verbally or in writing proclamations or manifestos that try to injure the interests of the people and abolish the conquests achieved by the people," committed in detriment of the Nicaraguan people and through the EL PUEBLO newspaper;

II. To acquit of this charge Xiomara Centeno Perez Gutierrez, workers; Nirta Espinoza Mendieta, student; Ivania del Carmen Nunez Matus, worker and Carlos Adan Arteaga Alvarez, student, all persons of legal age and single, of this domicile;

III. To sentence the prisoners to the loss of the property used to commit the crime;

IV. To issue the legal announcements and orders;

V. To have these copied and served.

9341

CSO: 3010

AMERICA SEEN AS KEY TO SOLUTION OF CUBAN PROBLEMS

Managua LA PRENSA in Spanish 19 Apr 80 p 2

[Commentary by Carlos Chamorro Coronel: "The Cuban Dilemma"]

[Text] There is no doubt that Cuba faces serious problems caused by its own insularity, or the fact that it is an island. Any island, by definition, is set apart. So the only solution for certain problems of any island, from the Ithaca of Ulysses' odyssey to England or Japan, is to establish communication by air and sea with the world which surrounds it.

Therefore, for Cuba to resolve the multiple and serious problems it undeniably faces it must reestablish its communication as soon as possible with the world immediately around it, or America, and primarily with its archenemy, the United States. Any other suggestion is vain and false. For this reason its extreme dependence on the USSR in every area--political, economic and cultural--in the long run is harmful to Cuba because, to use a Marxist term, it is alienating the country from its own reality, which is its American destiny.

Cuba is not across from Vladivostok, but from Florida. But this fact, so obvious that it can almost be seen literally with binoculars, seems to escape the present Cuban rulers. Moreover, it would be more logical and reasonable for the Cubans, in spite of the distance, to develop their relations--if they do not wish to do so with the United States, not to mention with their Latin American brothers--with Spain itself, since as we already mentioned in a previous article, Cuba, until a short time ago--and it could almost be said until now, in a broad sense--was close to being an overseas province of Spain.

To deny these realities is to condemn to failure any attempt to solve Cuba's deep social crisis. Of course, it requires a great sense of practical realism and therefore audacity on the part of the present Cuban leadership. The eternal problem of ideologists is that they subordinate theory to practice, contradicting the very theses they claim to support.

The true solution, therefore, for the island of Cuba, although it appears contradictory--it is not contradictory, but rather, correct--is to re-establish as soon as possible its relations, at least economic and diplomatic, with the United States, maintaining its ideology intact. It must not be forgotten that ideology is one thing and practice another, very different thing.

Only thus could Cuba, which is no Barataria Island, as is being patently demonstrated by the events which we might call "The Flight of the 10,000" from the Peruvian Embassy, emerge gracefully from the deep mire in which it is submerged. The bad thing is not the 10,000, but the 100,000 or millions of discontented.

To close their eyes to that tremendous reality is serious, but it is even more serious to ignore it. So it is up to the Cubans themselves, beginning with their present leaders, if they are really honest--and this is the historic moment to prove it, so that history will deal kindly with them--to decide once and for all to adopt a realistic policy, one which is, for that reason, advantageous and beneficial to themselves.

To state it clearly and without subterfuge: It is not in Russia that they will find the solution, but right here in America, to which by origin, destiny and geohistorical necessity they belong definitively. Any other solution is absurd. It is hoped they understand this for the sake of the weakened Cuban people, who cannot withstand such regimentation in defense of so chimerical a dignity. One does not lose dignity by accepting reality. If 10,000 left through a narrow crack in the door, Cuba must learn the lesson and open its doors wide, arriving at a definitive agreement with the United States and other American countries. If this is not done, and done soon, it runs the risk of unleashing a terrible storm throughout the Caribbean area, endangering the peace and stability of the entire continent.

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JUNTA MEMBER HOLDS PRESS CONFERENCE IN MOZAMBIQUE

Maputo NOTICIAS in Portuguese 24 Apr 80 pp 5, 8

[Interview with Nicaraguan Government Junta member Cmdr Daniel Ortega in Maputo; date not given]

[Text] Cmdr Daniel Ortega, a member of the leadership of the Sandinist National Liberation Front (FSLN) and a member of the Nicaraguan Government Junta, who recently paid a visit to our country, held a press conference just prior to his departure from Mozambique. At this meeting with domestic and foreign journalists, Daniel Ortega spoke about the current political problems in Central America and the Caribbean zone. The efforts pursued by the Sandinist National Liberation Front in the struggle to establish a more just and democratic society in Nicaragua were also analyzed by this Nicaraguan leader.

[Question] Commander Ortega, can you say something about the meeting you had with President Samora Machel?

Commander Ortega: Yes, President Samora Machel and I talked about the triumph achieved in Zimbabwe, a very significant achievement for the peoples struggling for their liberation, and we also discussed the situation of the Latin American peoples. As always, we obtained expressions of solidarity from President Samora Machel. We explained to him the activities which the most reactionary North American imperialist forces are pursuing in the Central American and Caribbean areas.

We discussed the military maneuvers which will begin in the month of May and which will involve thousands of U.S. soldiers in the Central American and Caribbean zones, including among other things a landing of about 3,000 Yankee soldiers in the Guantanamo zone, on Latin American, on Cuban territory, by the U.S. forces. We regard this military maneuver as aggression against the Nicaraguan revolution, aggression against the Cuban revolution, aggression against the revolution in Grenada, aggression against the revolution in Jamaica, aggression against the Latin American people, aggression against the countries which produce oil, as pressure directed at the

attitude of unity maintained by the Latin American countries. An important fact is that at the recent meeting of the OAS, a demand for intervention in Nicaragua by the United States met with opposition for the first time in history.

[Question] There is coordination of effort between the progressive forces in Central America and South America. Was it within this framework that you had a meeting with the prime minister of Guyana here today?

Commander Ortega: Yes, we had a great opportunity today to meet with the prime minister of Guyana here in Maputo, together with President Samora, and to talk with him. Without a doubt we have common interests. Ours are countries with much identification because we belong to the nonaligned movement and without a doubt we must be concerned about the situation in Central America and the Caribbean. This demands greater communication and closer relations so that we can seek unity for our countries, so that we can deal with the problems which are common to us.

U.S. Strategy in Latin America

[Question] How would you analyze the aggressive attitude of the Americans in the recent past, when there has been a certain liberalization in Latin America leading to the condemnation of regimes such as those of Pinochet, Argentina, Ecuador and the Dominican Republic?

Commander Ortega: We would say that the U.S. government, the policy it pursues in Latin America, was first of all a policy of force to hinder the revolutionary triumph. When this policy of force failed, we recall two military regimes which were imposed on our continent by the United States. When this policy of force failed, the United States began to pretty up these regimes based on force. And so it was that they tried to pretty up the Somoza dictatorship in Nicaragua, as well as the dictatorship of Pinochet, and other Latin American dictatorships. The purpose of this was to establish roots for the dictatorships, for this policy, and on the other hand to conceal it somewhat to make it acceptable, and above all to neutralize the force of the people. The continuing activity of the people, which is a determining factor on our continent, forces the U.S. government to continue to change policies. If the United States changes its policy it is because there have been peoples in Latin America who are constantly struggling, in constant activity in search of national liberation. Otherwise, the United States would have settled for the first formula, which was the regime based on force.

[Question] It seems to us that the situation in Honduras differs a little from that in countries with military governments. It has been 8 years now since this country has held free and democratic elections. Is this fact in itself part of the "prettying up" effected by the U.S. government?

Commander Ortega: There is a venture in Honduras toward a more open democratic approach. This is a maneuver which the popular organizations, the progressive organizations, have denounced as a maneuver, as something full of vices, like a nondemocratic election.

[Question] Do you think that a more active intervention by the United States in the process in El Salvador is possible?

Commander Ortega: The situation in El Salvador is one which lies totally beyond the maneuvering capacity of the Americans, and these maneuvers of which we spoke are designed to normalize the U.S. presence in the Caribbean, so that at any time they can use this force to choke off the revolution in El Salvador or attempt to do so. Analyzing the same situation in other countries, we believe that the attitude of the United States currently is one of open intervention. The Americans are currently trying to penetrate zones which the Central American and Caribbean governments are working to make and have declared a zone of peace. They are constantly moving into this Caribbean zone in order to undertake maneuvers of open interference in the countries in the area.

[Question] How do you believe the situation in El Salvador will develop?

Commander Ortega: The situation in El Salvador will be determined by popular participation. In truth, the people of El Salvador, the revolutionary organizations of El Salvador and the progressive organizations have been moving toward unity, toward the formation of a great front for struggle. Certainly there is but one path, and it will be that of the Salvadoran revolution.

[Question] Do you think that either Honduras or Guatemala may become another Nicaragua?

Commander Ortega: Guatemala has a situation which demands change. In Guatemala there is a people in struggle, a people at war for many years now. Without a doubt the change in Central America requires a change in Guatemala. It requires a change in all of Latin America and the Caribbean.

Stabilization in Nicaragua

[Question] Can you describe the internal situation in Nicaragua briefly?

Commander Ortega: It can be said that the revolution in Nicaragua is stabilizing. It is a revolution being stabilized because this is tending to happen above all in the economic sector. As is known, the Nicaraguan economy was seriously damaged by the war and currently the main task is production, production which does not depend on other countries, mainly the production of foodstuffs of which there were not enough last year, and we had to import from other countries. This did not produce foreign

exchange. We are also sponsoring a great literary campaign, involving the mobilization of more than 200,000 people in the rural sector. The campaign began a few weeks ago and the mobilization was massive.

[Question] What role did the Church play in Nicaragua and what are the activities of this institution in your country now?

Commander Ortega: The Church has played a great role in Nicaragua. For example, here on our right we have a Nicaraguan Government adviser who is a priest. This is clear proof of the participation of the Nicaraguan clergy, Nicaraguan priests, in the revolution. These are priests who love change, who identify fully with the interests of the oppressed, the interests of the exploited, priests who condemn capitalism, who condemn imperialism, who condemn colonialism, neocolonialism, and racism and who fully support the Nicaraguan revolution. We believe that this is a general phenomenon in Central America. We can see the same phenomenon in El Salvador. The murder of the priest Oscar Arnulfo Romero, archbishop of San Salvador, demonstrates this. This priest demanded that the oppressed be freed, demanded unity of the revolutionary forces, and he was murdered by the forces of the regime. This however is not to deny the presence in Central America of a conservative Church sector, a sector of the Church which is the friend of the rich and the friend of capitalism.

[Question] How long will the national government junta rule in Nicaragua? Will there be some electoral process to establish a government of another type?

Commander Ortega: We have already told the press a number of times that the Nicaraguan people have already voted, and that they voted for the Sandinist National Liberation Front. They voted in a different way. They took up arms against the Somoza dictatorship and to lead the ranks of the Sandinistas. We believe that to organize an electoral process in our country would be a waste of energy and a confirmation of the authority of the Sandinist front in our country. The disappearance of the government junta will be dictated by the development of the institutional situation in our country. Currently plans call for the establishment of a Council of State in May. It will have about 41 members and will be a deliberative body, a forum for discussion, and it will have representatives of all the political and economic sectors in our country, all of the main political forces in our country representing the workers, the peasants, the students.

[Question] And what will be done with the individuals who were involved with the Somoza government?

Commander Ortega: Currently we are holding some as prisoners. This is the case with Somoza's soldiers and as prisoners they are being tried. People's courts will be established to try them. The maximal penalty for these prisoners is 30 years. This is the maximal penalty we have in our country. To date more than 200 have been tried and sentenced.

LABOR MINISTRY REPORTS ON WORKING CONDITIONS

Managua BARRICADA in Spanish 24 Apr 80 p 3

[Text] Three months ago we started inspecting working conditions for the Ministry of Labor's General Directorate of Occupational Health and Safety, and we found, in general, conditions of neglect, unhealthiness and lack of safety. This is another example of what we have inherited from a government that systematically belittled its employees' lives and health.

As a result of our inspections, we made recommendations for improving working conditions so that they would stop being a constant source of accidents and illnesses.

In every case it was a matter of basic recommendations for cleaning the working environment and adopting minimum safety measures for the workers. In no case did fulfillment of these measures involve investing significant amounts of money; all the measures are low in cost but high in terms of health.

However, many employers, not used to seeing the workers as human beings, were reluctant to accept our recommendations; in many cases, they argued that investments in protection and safety are "not income-producing" investments, as if the life and safety of the workers were merchandise to be used for profit.

There were also employers that understood the meaning of our recommendations and were ready to cooperate in improving working conditions. Also, state enterprises considered the subject with all the seriousness it deserves.

In addition, organized labor started to see the importance of the struggle for its health and its living and working conditions and made claims to this effect, realizing that occupational health is part of their social rights and that the struggle for life and health is an objective of revolutionary labor organizations.

The Current Situation

This month we have started reinspecting the places of work to verify fulfillment of our recommendations.

It has been with great satisfaction that we have observed in several centers of work that conditions have started to change. The first to be reinspected were the coffee-processing plants of El Costeno, El Caracol and El Mejor. In all of them a large part of our recommendations have been fulfilled and others are in the process of being complied with.

Thus, in El Costeno, measures have been adopted that increase ventilation and light, get rid of the smoke and some of the heat and program more rationally the number of coffee roastings per day. Several premises were cleaned and painted. In the packaging department our recommendation to the effect that coffee be left to cool before packaging to avoid direct contact of the operators' hands with the hot coffee has been implemented. Still pending compliance are our recommendations to install water fountains and adequate fire extinguishers and to provide the personnel with protective equipment.

In El Caracol a thorough cleanup was carried out and water fountains, fans and fire extinguishers have been installed. According to the list submitted by the general directorate, a first aid kit was installed, bathrooms were repaired and auditory shields against noise were furnished to workers in the milling section. Here also, production has been organized so that coffee will be cool when it reaches the packaging department. Recommendations still to be implemented are: repair of ramps and changing the milling disks for stainless steel ones, which will be less noisy.

In El Mejor ceilings and lamps have been cleaned, bathrooms have been repaired, a dining room for the workers has been built, paper storage has been improved and appropriate fire extinguishers have been installed. A loan was applied for to purchase water fountains and a first aid kit is being installed according to the instructions of our general directorate.

Working Conditions Can Be Improved

These examples show that with low-cost measures the working environment can be significantly improved, considering that the worker must be the center of attention and concern.

We hope that this will be an incentive for all those employers who have not yet started to change working conditions in their companies. These changes are possible today in the current economic situation of the country.

We also want to stress the important role being played by the organized action of labor in assuming the leading role in the struggle for occupational health. We consider it especially important to point out that in

several centers occupational health committees are being formed, their basic objectives being to watch with awareness over working environments and to insure fulfillment of our recommendations.

General Directorate of Occupational Health and Safety, Ministry of Labor.

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VENEZUELA

'RED FLAG' DOCUMENTS SPUR SEARCH FOR GUERRILLAS

Documents Found in Barcelona

Caracas EL NACIONAL in Spanish 25 Apr 80 p D-24

[Text] Barcelona, 24 April (Special)--The alleged guerrilla who managed to flee in a Mercedes Benz and hide in a wooded area when military troops tried to detain him at a checkpoint along the road from Zaraza to Aragua (Barcelona), initially told the soldiers that he was a newsman. He fled, however, as soon as they asked him for his personal documentation.

According to an account that a number of official and military sources acknowledged today as true, the older model, gray car, whose other characteristics have been kept confidential so far, was abandoned more than 30 kilometers from the checkpoint.

It was learned unofficially that its apparent sole occupant, Gabriel Puerta Aponte, managed to escape and hide in the woods under the cover of darkness.

The alleged discovery by the authorities of a hammock, canteens, boots and other camping equipment, as well as documents of the "Red Flag" subversive movement, inside the car indicated that a guerrilla had been at the wheel of the vehicle. The governor of Anzoategui, Guillermo Alvarez Bajares, officially denied that the occupant of the vehicle was identified as Gabriel Puerta Aponte, who is said to be the head of the armed group in Anzoategui and Guarico. Nevertheless, the fact that after 3 days the authorities are still maintaining strict secrecy about the vehicle and the identity of its owner raises suspicions that the car has become a key element in an investigation into the activities of illegal groups in the rural areas of the two states.

According to what could be learned here, the driver of the vehicle in question said that he was a newsman, but when he was asked for his documentation and ordered to pull his car over to the side of the road

so that it could be searched, he ignored the order and quickly took flight.

The soldiers used a vehicle owned by Jose Soto, the foreman of the "San Simon" farm, to take after the Mercedes Benz, which was supposedly driven by Gabriel Puerta Aponte, but they did not succeed in catching up to him.

The car was found shortly thereafter abandoned in the underbrush, some 35 kilometers away, at a remote point on the Zaraza-Aragua road.

The incident triggered an intensive military search operation all along the border between Anzoategui and Guarico. To judge from the reports that have come in from Barcelona, it has apparently been unsuccessful.

Soldier's Death Confirmed as Accidental

Lt Col Hector Manrique Maneiro, the commander of the Zaraza No 2 Pursuit Troops Battalion, which is headquartered here, confirmed today (as Governor Alvarez Bajares had told EL NACIONAL yesterday) that there has been no clash between military units and illegal groups in Anzoategui.

He also disclosed that the death of army Opl Luis Antonio Cabeza Roca at the Buena Vista Camp, the current headquarters of a military unit, was accidental.

"He fell off a light truck, and his weapon went off. It was an unfortunate accident. There was no other cause," the officer said.

Was the man who managed to flee from a checkpoint identified as Gabriel Puerta Aponte?

"The only thing that we know here is that a car is being held because the driver violated checkpoint regulations," he asserted after noting that the checkpoint was not under his command.

"I am not empowered to disclose information about troop activities. I would recommend that you go to Maturin and speak with the commander of the Pursuit Troops Brigade, Gen Jose Angel Sanchez," he suggested affably but categorically.

Defense Ministry Communique

In Caracas, the Defense Ministry, through its Public Relations Office, released the following communique for publication:

The Ministry of Defense hereby informs the public that on Wednesday, 16 April, at 1630 hours, Luis Antonio Cabezas Roca, identification card 2,280,180, a soldier with the Pedro Zaraza Pursuit Troops Battalion, quartered in Barcelona in Anzoategui State, was killed when his light automatic rifle went off accidentally as he was getting off a vehicle to do instruction work at the Buena Vista command post near Anaco in Anzoategui State.

This information should dispel the rumor that his death occurred because of an alleged clash with illicit groups.

Search for Guerrillas

Caracas EL UNIVERSAL in Spanish 25 Apr 80 Sec 2 p 22

[Text] El Chaparro, Anzoategui, 24 April (INNAC)--Army troops are now searching for underground, Vietnamese-style hideouts in their dragnet operation in the "triangle of the guerrillas" between this town, Onoto and Zaraza, which is where Commander Gabriel Puerta Aponte and his group of insurgents are operating.

"We are not ruling out the possibility that these people could be making use of underground hideouts," said a confidential source that is well informed about the incidents that have been taking place in the area between the Aragua, Bruzual and Zaraza districts.

The source explained that there were many reasons to consider the possibility of such hideouts.

"The army is constantly pursuing them on land and in the air but never finds them," the source noted; "these people have to be hiding in ditches that were no doubt dug while they were inactive. Now they have reappeared and are terrorizing ranchers and farmers."

The confidential source mentioned that Gabriel Puerta and his armed group know the entire mountainous region of Anzoategui and Zaraza very well.

So much so that they have established their "general headquarters" here, and there seems to be no way to get them out. They have grown strong and have caused a lot of trouble in recent months.

Camping Equipment Found in Car Driven by Puerta

It was learned here that a lot of camping equipment was found in the car that army troops shot at 3 days ago.

"There were hammocks, canteens, boots and knives," our informant pointed out.

Was the car that the army shot at being driven by Puerta Aponte?

"According to the pursuit troops, yes, it was him. They recognized him right away."

The following account has emerged here in El Chaparro:

"Puerta Aponte arrived at the military checkpoint at Salistral Cross-roads in a late-model, gray Mercedes Benz. He said that he was a newsmen, but when they ordered him to pull the car over to one side so that they could search it, he ignored them and floored the accelerator."

What happened then?

"According to the same account, the soldiers forced Jose Soto, the foreman at the 'San Simon' farm, to chase after the guerrilla commander in his car. They covered more than 40 kilometers. The soldiers fired at Puerta's car with their machine guns, hitting it in the trunk. The guerrilla leader left the car by the side of the road and fled into the mountains."

What was Jose Soto doing at the military checkpoint?

Our source explained:

"He's the foreman at the 'San Simon' farm, as I told you before. He was at the military checkpoint at Salistral being detained along with Leon Medina."

Why were they being detained?

"That's the army's business. The only thing that we know is that the two men were being held there on orders from the 'pursuit troops.' Everybody knows the rest."

Dragnet Continues

The troop mobilization is still going on in the so-called "triangle of the guerrillas." Vehicles traveling along the road between El Chaparro-Onoto and Zaraza are still subjected to thorough searches, and their occupants are asked for their identification papers. The latest order is that it could continue.

The sun was beating down on the region. We stopped at a small roadside restaurant to eat. The menu was roast paca with cassava bread and boiled yucca. We were so hungry that it was delicious.

EASTERN RANCHERS SEE UPSURGE IN GUERRILLA ACTIVITY

Caracas EL UNIVERSAL in Spanish 25 Apr 80 Sec 2 p 38

[Text] The National Cattleman's Federation (FNC) is in contact with the Defense and Interior ministries to seek ways of restoring tranquillity and personal and property security to rural cattlemen.

This was disclosed yesterday by Dr Miguel Angel Granados, the secretary-manager of the FNC, when he was questioned as to recent news reports from the eastern part of the country, according to which more than 50 cattle ranchers are abandoning their properties because they are terrified of the illegal armed groups that are allegedly at large in these areas.

Answering an initial question as to whether cattlemen felt that they were witnessing a possible flareup of guerrilla activity, Dr Granados stated:

"We think that it is a flareup of a longstanding situation in the area and that it has cropped up now because of the things that are coming out in the press, such as what happened in Tucupido, Zaraza and Barcelona.

"Now then, fortunately I should also point out that there is a Rural Surveillance Command, coordinated by the Office of the Attorney General of the Republic and also consisting of the National Guard and the Technical Corps of the Judicial Police, that has taken personal charge of the situation and that is currently undertaking operations in the area with the cooperation of cattlemen. These operations began some time ago, and we think that they are going to have quite positive results."

He said that they are also in contact with the Defense and Interior ministries to seek an agreement or a consensus for carrying out the joint activities that are needed to restore tranquillity and security to the countryside.

In another vein, he said that it was hard to tell how many farms might be affected, because his actual feeling was that this was a widespread situation in the area. "The situation is cause for concern," he said, "but logically both the authorities and the cattlemen are aware of it and are making efforts to at least alleviate it."

He added that the cattlemen have been well received by the appropriate authorities and organizations and that they are directly involved in security operations.

Separately, Dr Granados was asked about the status of cattle rustling in the country.

"We do have problems of this sort, but operations like the one in Sur del Lago, which was a sizable one, are being carried out elsewhere, and controls are being put on people without documents. The situation is getting better."

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CSO: 3010

VENEZUELA

INTERIOR MINISTER ATTRIBUTES RURAL UNREST TO CRIMINALS

Caracas EL UNIVERSAL in Spanish 25 Apr 80 Sec 2 p 38

[Text] The interior minister has attributed the violent situation jolting the country's farming areas to common criminals, not to extreme left guerrilla groups and groups without party ties.

He was asked by newsmen to comment on the situation, inasmuch as farmers and cattlemen are, in fact, abandoning their farms because they have been terrified by the violent offensive of illegal groups.

"There has been criminal subversive activity for a long time in the state of Anzoategui," Minister Montes de Oca commented initially, "and one of the results has been that farmers and ranchers have been pulling out. We have a special surveillance force and an ongoing operation there."

After acknowledging that the criminal violence is continuing despite the special surveillance by the government, Minister Montes de Oca also conceded that small extremist political groups still survive in farming areas; they have rejected the pacification policy and are still up in arms.

However, Montes de Oca observed, these groups operate sporadically, "spasmodically" and are mixed up with common criminals, which makes the response of state security forces more difficult.

"Nevertheless," Minister Montes de Oca underscored, "in the case of the takeover of the Tucupido Police Headquarters, which was labeled a typical subversive move because its initial features gave that impression, the three individuals responsible for the attack were captured, as well as the weapons that they were carrying."

Montes de Oca then said that questioning of these three individuals disclosed that they were common criminals.

When pressed to specify whether there were any ties between these illegal groups and any party participating in democratic politics, the interior minister dispelled any doubts.

"I could not say for sure at this point," he replied. "I do not think, however, that groups involved in democratic politics have 'armed wings.' In that event they would not be democratic groups and, therefore, could not operate freely in the country."

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CSO: 3010

CENTRAL BANK ADOPTS NEW INTEREST RATE SYSTEM

Caracas EL UNIVERSAL in Spanish 24 Apr 80 Sec 1 p 16

[Text] As this newspaper announced yesterday on the first page, the Central Bank of Venezuela reported the decisions made by its Board of Directors last Tuesday afternoon in order to solve problems stemming from the deficient structure of financial interest rates in commercial and mortgage banking. The Central Bank adopted an adjustable interest rate system for mortgage banking, decided to keep the current interest rate system in commercial banking, and raised the interest rate paid on Savings Certificates purchased by the public by 1.5 percent.

The official communique issued by the Central Bank yesterday says the following:

The Board of Directors of the Central Bank of Venezuela, in a meeting held yesterday, Tuesday 22 April, adopted a series of decisions for the purpose of lending greater flexibility to the national financial system so that the process of financing will function more efficiently; reducing the impact of prevailing interest rates in foreign markets on domestic costs; and bolstering domestic savings. Along these lines, the measures approved are related to the adoption of the concept of adjustable interest rates for some medium- and long-term financing schemes; to the yield of savings certificates; to the creation of a credit portfolio subject to varying interest rates, depending on the cost and amount of resources obtained through time deposits; and to the need to use the funds held by the nation's banks for financing domestic activities.

In consideration of the above, it was resolved:

a) To authorize mortgage banks and financial institutions to implement a system of adjustable interest rates for the loans granted with terms of more than 3 years. This system will be governed by the parameters established periodically by the Central Bank of Venezuela according to the cost of the money needed by these financial intermediaries. Loans for the purchase of housing for 350,000 bolivars or less are excepted from this system.

b) To maintain the maximum active rate for the credit transactions of commercial banks at 12 percent, and the established commission at 2 percent of outstanding balances, calculated yearly. However, commercial banks may invest funds at a maximum yearly interest rate of 12 percent and charge a maximum commission of 5 percent annually on outstanding balances, for an amount equal to the resources obtained through certificates of deposit that yield no less than 12 percent annually to their bearers, and an additional amount equal to or more than 3 percent yearly.

c) To raise the interest rate on savings certificates by 1.5 percent over the current rate, bringing the rates to the following levels:

1 year	12 percent
270 days	11.5 percent
180 days	11 percent

d) To establish a reserve of 25 percent of any additional amount beyond the total of the portfolio currently granted by the banks and other credit institutions to multinational corporations. Furthermore, loans guaranteed by foreign assets shall be subject to that reserve requirement.

e) To establish a reserve requirement of 20 percent of the quantities that national banks invest and deposit in interest-bearing accounts abroad.

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CSO: 3010

SIDOR REPORTS 1979 LOSSES, 1980 EARNINGS

Caracas EL NACIONAL in Spanish 27 Apr 80 p D-6

[Article by Jose Carrillo Romero]

[Text] The Orinoco Iron and Steel Works (SIDOR) suffered losses of 455 million bolivars during the 1979 fiscal year, and 1980 losses could reach 1 billion bolivars if the price structure is not adjusted to current costs, reported the Engineers, Architects and Professionals for the Social Christian Party (FIAPA) of the State of Bolivar to President Luis Herrera Campins in a written communication.

EL NACIONAL was able to obtain a photocopy of that communication to the president, signed by Engineer Nally Enrique Linares, coordinator of the Bolivar branch of FIAPA. In that document the Social Christian engineering professionals strongly question the abilities of the current SIDOR administration to manage and direct the enterprise.

FIAPA's criticism states that the deterioration can be summed up in the following situation: the lack of a defined policy on the administration of human resources.

Proof of this deficiency can be seen in these figures: in 1979 the percentage of personnel turnover was 25 percent. Of a total of 5,600 workers who left the enterprise, 50 percent did so by resigning.

There was an 18 percent turnover among engineers in 1979, as compared to 12 percent in 1978. There was an increase of 50 percent, which calls for urgent attention.

SIDOR lost a total of 2.7 million man-hours through worker absenteeism. It is evident that there is an absolute lack of stimulus and incentive for work as a result of a misguided personnel policy, according to the FIAPA document.

FIAPA feels that the number of foreign professionals in key positions in the iron and steel enterprise is anomalous, because these posts should be held by Venezuelan professionals. The foreigners should be used as technical advisers.

FIAPA states that the positions held by non-Venezuelan professionals in SIDOR are these: Plan IV Project Comptroller; Assistant Manager of Melting and Lamination Project; chief of Industrial Engineering Division; chief of Production Planning; chief of Steel Production I Quality Control Department; chief of Steel Production II Quality Control Department; chief of Reduction Quality Control; chief of Pipe Manufacture Quality Control; chief of Risk Control Department; chief of Standardisation and Parts Department; and Assistant Manager of Data Processing.

The FIAPA document states that the SIDOR work force consists of 17,964 employees, of whom 757 are professionals of different university disciplines broken down as follows:

Engineers, 520; technologists, 41; professionals of other disciplines (economists, lawyers, doctors, etc.), 196. FIAPA claims that SIDOR has enough Venezuelan technicians to replace the foreigners. One of the very reasons why professionals leave SIDOR, "draining it of experience," is that they are frustrated when they are trained to take these jobs but are passed over for promotions to them. Moreover, there is no clear policy on the training of relief personnel.

Crisis in SIDOR Management

The FIAPA document asserts that SIDOR's poor administration stems from the management crisis in that company. There is no cohesive management team with clear goals and objectives in the administration of the business. There are no continuous programs designed to improve production techniques, reduce costs, develop management personnel and promote employees, control inputs and the purchase of parts, and supervise inventories. What is more important, there is no aggressive sales policy.

An example of the arbitrary and autocratic attitude, says FIAPA, is the current general manager of operations, who runs the business with outmoded criteria that have not been adapted to a modern enterprise with the dynamism and effectiveness required. This attitude is reflected in the organizational pyramid which causes frustration and discouragement in mid-level management. This malaise is ultimately reflected in the company's product. There has been a deterioration of the enterprise's production on the technical and financial levels, and another consequence is that it has been "drained of experience."

The failure to meet deadlines in the Plan IV projects has seriously damaged the draft budgets for 1978-1979 and 1980. The main reason for the project delays has been a total lack of coordination among the various contractors working on those projects. Because these are direct administration projects, contractors have been entrusted with responsibilities they could not fulfill. The result has been great disruptions, because when one project is finished another is waiting to be completed.

The Siemens-Martin steel mill, electric furnaces, nonflat products and the manufacture of pipes have seriously deteriorated in maintenance, as reflected in low production figures. A total production of raw steel of 2.341 million metric tons has been projected for 1980, but if the same maintenance and operation practices continue, we are certain that the 1980 goals will not be met.

In terms of finances, the FIAPA document asserts that SIDOR is very important for Venezuela's socio-economic and technological development. The impact on the domestic economy when the enterprise attains a production level of 4.8 million tons a year by 1983 will be a sales volume of around 7.5 million bolivars. This amount is very significant when added to the amount generated by the metalworking sector. Together, they could equal the sum of oil earnings. Therefore, we urgently need a more efficient management of this enterprise.

The figures cited by FIAPA regarding SIDOR's economic yields for 1979 are as follows: raw steel production, 1.2 million tons; production of finished products, 1.3 million tons; value of production, 3 billion bolivars; losses for the fiscal year, 455 million bolivars.

According to the communication that FIAPA sent to the president, this loss is principally due to the increase in the costs of inputs as a result of high inflation, wage increases and a lack of control of finished products. Another cause of the losses, the most serious one, is the huge inventories of goods without sales orders, the poor management of materials, complaints by poorly served clients, the production of finished goods without sales orders, the exportation of materials below the international market price, unnecessary hiring of technical advisers, lack of control over the purchase of equipment and parts, and other factors.

For these reasons, FIAPA recommends that the government must take immediate action to bring the price structure in line with current costs. If it fails to do so, the economic balance of SIDOR will be seriously affected, and 1980 losses could exceed 1 billion bolivars.

In conclusion, the FIAPA document requests the following of President Herrera:

- 1) Removal of the entire SIDOR management team, including the president of the enterprise.
- 2) Placement on the SIDOR board of directors of professionals with recognized abilities acquired through experience in the movement of professionals and technicians residing in Ciudad Guayana.
- 3) Revision of steel product prices, to come into effect when the new president of SIDOR is named.

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SIDOR PRESIDENT CITES PRODUCTION FIGURES

Caracas EL NACIONAL in Spanish 27 Apr 80 p D-6

[Text] Caracas, 26 Apr--SIDOR will produce 5 billion metric tons of raw steel per year by 1984, and will have fixed assets valued at more than 25 billion bolivars.

Edgard Marshall, president of SIDOR, pointed out that the new programs have helped the enterprise become "the largest integrated iron and steel complex in Latin America."

He made this statement after President Luis Herrera Campins opened one of the expansion stages of that industry.

"SIDOR will be responsible for 18,000 workers and their families. It will earn 5 billion bolivars in revenues this year, and 11 billion in 1985," claimed Marshall.

The president of the iron and steel complex stated that "we are aware that the efficient administration of an industry of this magnitude is a complex task, but we are prepared to do it."

He added that the workers have been trained to do their jobs efficiently, and that they will be the ones to achieve the proposed goals.

Marshall remarked that SIDOR has invested nearly 1 billion bolivars to ensure that its facilities comply with the highest environmental standards.

"Today, in fulfilling one of the workers' aspirations, we have begun to turn over 1,000 homes constructed by the National Housing Institute (INAVI), which we financed for a total of 88 million bolivars," stated Marshall.

He reported that liquid steel production increased by 70 percent, reaching a record level of 1.2 million tons.

Sales grew by 12 percent on the domestic market and 163 percent on the export market.

This resulted in a contribution of 453 million bolivars to the national economy by SIDOR.

BRIEFS

SIDOR SPONGE IRON PRODUCTION--Tomorrow President Luis Herrera Campins will open a 3.2 million-bolivar facility at the SIDOR plant in Ciudad Guayana in the area of Matanzas. The president will arrive at the airport in that city accompanied by a large entourage, and from there he will travel to the SIDOR plant. There the chief of state will officially open the lime plant, the largest in Latin America; the largest direct reduction plant in the world for the manufacture of sponge iron; the railroad network joining Ferrominera Orinoco with SIDOR; the round bar and rod mills; and the dining halls and locker rooms for iron and steel workers. The president of the republic will also distribute housing deeds to SIDOR workers in compliance with the stipulations of the collective bargaining agreement signed by that enterprise of the Venezuelan Government. With the SIDOR direct reduction plants, Venezuela will assume an important position in the production of sponge iron, becoming a leader in world production of this vitally important element in modern steel production processes, reported a spokesman for the iron and steel enterprise. The iron ore direct reduction complex is considered to be the largest in the world. It is made up of eight plants using the two best processes in this field: HyL (Mexican) and Midrex (German). Its production capacity is more than 3 million tons of sponge iron, placing Venezuela above countries such as Russia, Iran and Indonesia in this sense. The direct reduction process emerged in the iron and steel industry as a result of the need to replace scrap iron as a raw material for electric furnaces in steel manufacture. The development of this technology has been stimulated particularly by the constant increase of coke prices and the relatively low prices of gas fuels.

[Text] [Caracas EL NACIONAL in Spanish 25 Apr 80 p D-7] 8926

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